FINAL ANNUAL REPORT

2018/19

PEACE UNITY PROGRESS

MANDENI MUNICIPALITY

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CHAPTER 1

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Mayor’s Foreword & Executive Summary

1.1. COMPONENT A: MAYOR'S FOREWORD

This Annual Report for 2018/19 marks the end of the first Financial Year of the new Term of Office of the Council after its inauguration on 18 August 2018 following the 2016 Local Government Elections. The year 2018/19 has indeed been one of the most challenging years especially for local Government, in which economic growth has continued to slow down partly due to the global economic and political outlook.

The economic growth is significant for us in the local sphere of government because unemployment, poverty and inequality affect us the most and such challenges means that we are unable to collect revenue at the rate anticipated and therefore service delivery targets in terms of our Mid-Term Strategic Framework (IDP) and the SDBIP are compromised.

Moreover, challenges were experienced due to community unrest as many industrial plants and factories were burned down, liquidated and therefore, this resulted in a negative impact on the economy. Unemployment rose as many individuals lost their jobs.

The 2018/19 Financial Year rendered the municipality an unqualified audit with matters as confirmed by Auditor General reports as the AG identified findings majority of which were adjustment of material misstatements, annual financial statements not prepared as per section 122 of the MFMA, consequence management, internal control and performance management. The Municipality has developed comprehensive interventions to address these challenges and will be monitored through relevant structures.

However, we are optimistic and have confidence in the efforts made by the National Government to lure direct foreign investment to improve the economic situation. We are pleased to report that as the Municipality, we have continued to make a meaningful contribution to Key Government Priorities and National Outcomes (NDP and PGDS). Key strategic objectives have been met despite the challenges, which will translate into a better life for our people.

The Council in preparation of the Annual Budget and the review of the Five Year IDP visited all 18 Wards to consult with communities in ensuring that our key priorities in terms of service delivery remain a mandate from the people, which we should pursue in order to improve service delivery through co-operative governance.

We have embarked on a series of campaigns to bolster our revenue collection in our quest to improve service delivery. This campaign is important particularly at the time when the National Treasury continues to implement austerity measures to ensure that government spends on essential goods and services thus averting recession under the current economic shocks.

We are grateful to all social partners, business, civil society, management and staff who continue to support the Municipality to ensure that we are able to deliver on our mandate through difficult times.

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Mr. S. B. Zulu
Honourable Mayor

1.2. COMPONENT B: EXECUTIVE SUMMARY

1.2.1. MUNICIPAL MANAGER'S OVERVIEW

It is an honour and privilege to present the 2018/19 Annual Report. As the Accounting Officer of the Municipality I hereby confirm that the 2018/19 Annual Performance Report has been compiled in accordance with the Local Government Municipal Finance Management Act (No. 56 of 2003) read in conjunction with the Local Government Municipal Systems Act (No. 32 of 2000) and the National Treasury MFMA Circular No.63

The purpose of the report is to reflect on the work carried out in the 2018/19 Financial Year in line with the approved Top Layer Service Delivery and Budget Implementation Plan (SDBIP) or Comprehensive Departmental SDBIPs and to provide detailed feedback on performance against targets to various stakeholders including the community, government departments and other interested parties.

The report also ensures that accountability is upheld, and the clients of the municipality are informed of the decisions that were taken in this period under review. This report originates from the approved Municipal Strategic Objectives and Service Delivery and Governance Priorities as contained in the approved Municipal Integrated Development Plan.

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The 2018/19 Financial Year was a very challenging financial year where the municipality was faced with community unrest and economic crisis due to major factories that liquidated in Mandeni.

The economic crisis affected majority of the citizens households of Mandeni. In the case of Mandeni Municipality, a decline in revenue collections was experienced due to low payment of rates. This was as a result of unemployment through factory liquidation. This triggered a negative impact on the implementation of all approved priorities. The Municipality has adopted a 60/40 debt recovery strategy. This is being implemented to assist the municipality to recover its debt.

The 60/40 debt recovery strategy resulted in a gradual improvement in the collection rate, however there is a need for community awareness programmes so that members are aware of their debt that needs to be paid.

During the course of the 2018/19 Financial Year, the Municipality held vacancies at Senior Management level due to resignations and the expiration of contracts. Director Community Services and Public Safety as well the Chief Financial Officer position were occupied temporarily by an acting CFO as well as a CFO that resigned on short notice. This resulted in a negative impact on the finances of the municipality as it was operating in the absence of a CFO. However, by the end of the Financial Year, the Municipality had all 6 Senior Management posts occupied, thus, ensuring stability in the institution.

The municipality had achieved majority of electrification project. However, the municipality experienced a downfall with a project of installation of streetlights in Ward 18 due to stolen properties on site.

The Municipality further over-achieved a number of rural gravel roads repaired and maintained in-house. This was due to additional plant-hire. The municipality spent 100% of expenditure of the MIG funding in the 2018/19 Financial Year. The Municipality still renders its services effectively and efficiently as all households and businesses have access to weekly refuse removal.

The Municipality was able to achieve 98.8% of the target of construction of housing units in Mathonsi Sundumbili Phase 2 Housing Project. Nyonyi Housing Project is also progressing well. A total number 1640 slabs were completed. Isitebe Rural housing is currently at 90%. Beneficiaries have been approved by the Department of Human Settlements.

The municipality has maintained a functional status in the Back to Basics Programme for the past three financial years. Reports are submitted provincially and nationally to COGTA. These reports are submitted on a monthly and quarterly basis so as to allow for the progress of the municipality to be carefully monitored. Assessments conducted have showed that the municipality is functional.

In spite of all the economic challenges and community unrest faced by the municipality in the financial year under review, together with the high level of vacancies at Senior Management Levels, I can confirm that the municipality at an institutional level was able to achieve 72% of the planned Key Performance Indicators.

Yours Faithfully

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Mr. S. G. Khuzwayo

Municipal Manager

1.2.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Mandeni Local Municipality is located along the northern coast of KwaZulu-Natal approximately 50km north of eThekwini Metro and south of the uMhlatuze Municipality. It lies along the N2 National and Provincial corridor, as well as the north-south rail link connecting the economic hubs of Durban and Richards Bay. As such, the municipality is strategically located to provide services and derive economic benefits from these economic hubs. Mandeni Local Municipality is one of the four (4) local municipalities that make up the iLembe District. The other local municipalities are KwaDukuza, Maphumulo and Ndwedwe.

Mandeni Municipality covers approximately 545.48km2 and is made up of 17 Electoral Wards. The municipality is predominantly rural in character, with Ingonyama Trust land accounting for the majority of its land mass. There are four Traditional Council areas within the municipality's area of jurisdiction, namely:

Map 1: Mandeni Locality Map

Mandeni Local Municipality has excellent regional transportation linkages with the national road – N2 – serving the province, the two major ports of Durban and Richards Bay, the railway line which serves as an important link between the ports as well as the hinterland parts of South Africa and the airports – both existing and proposed, including the Isithebe airstrip.

The identification of the eThekwini-uMhlathuze Corridor places Mandeni Local Municipality in an advantageous position as it is located in between these two municipalities. It stands to benefit hugely from economic activities that will accrue as a result of this initiative.

Mandeni Local Municipality also functions as an important service centre for a substantial rural hinterland which lies to the west beyond the eNdulinde Hills. There are no other service centres in the tribal areas and therefore the urban centre of Mandeni serves as an important sub-regional service centre for the 'shadow corridor of poverty' which tracks the 'development corridor' along the coast. Mandeni is in fact arguably the only place along the coast where the development corridor and the shadow corridor of poverty meet, and hence the acknowledgement of its potential in the Provincial Spatial Framework.

Mandeni Local Municipality is made up of 18 wards. There are four Traditional Authorities namely, iNkosi uMhlongo, iNkosi uMathonsi, iNkosi uMcambi and Nkosi uNgcobo. The majority of the land within the municipality is owned by Traditional Authorities. Some of the wards fall within these Traditional Authorities, such as Ward 1,2,8, and 9 which fall under Macambini Traditional Authority, ward 6,11, and 16 falls under eLangeni Traditional Authority and ward 5,7,12,13,14,15 and 17 falls under the Mathonsi Traditional Authority.

Informal settlements with limited to no facilities or infrastructural services occur on the periphery of the developed areas and within the Isithebe Industrial area and Sundumbili Township. This is also evident in the periphery of the well-established Sundumbili Township and Mathonsi tribal authority area eastwards of the hinterland. Village centres such as Wangu in the west and Nyoni in the north-eastern side comprise of commercial and service development in the two tribal authorities of Mathonsi & Macambini.

The Mandeni Municipality is strongly committed to develop its character as an area of scenic beauty and strong developmental contrasts. As a potential and growing tourist destination, it will enhance its visual and aesthetic appeal. The municipality aims at improving physical and functional integration by establishing a functional town centre. The Mandeni municipality aims at increasing economic efficiency of the Municipal area and ensuring that there is improved investor confidence therefore attracting more development to occur within the area.

COMMENT ON BACKGROUND DATA:

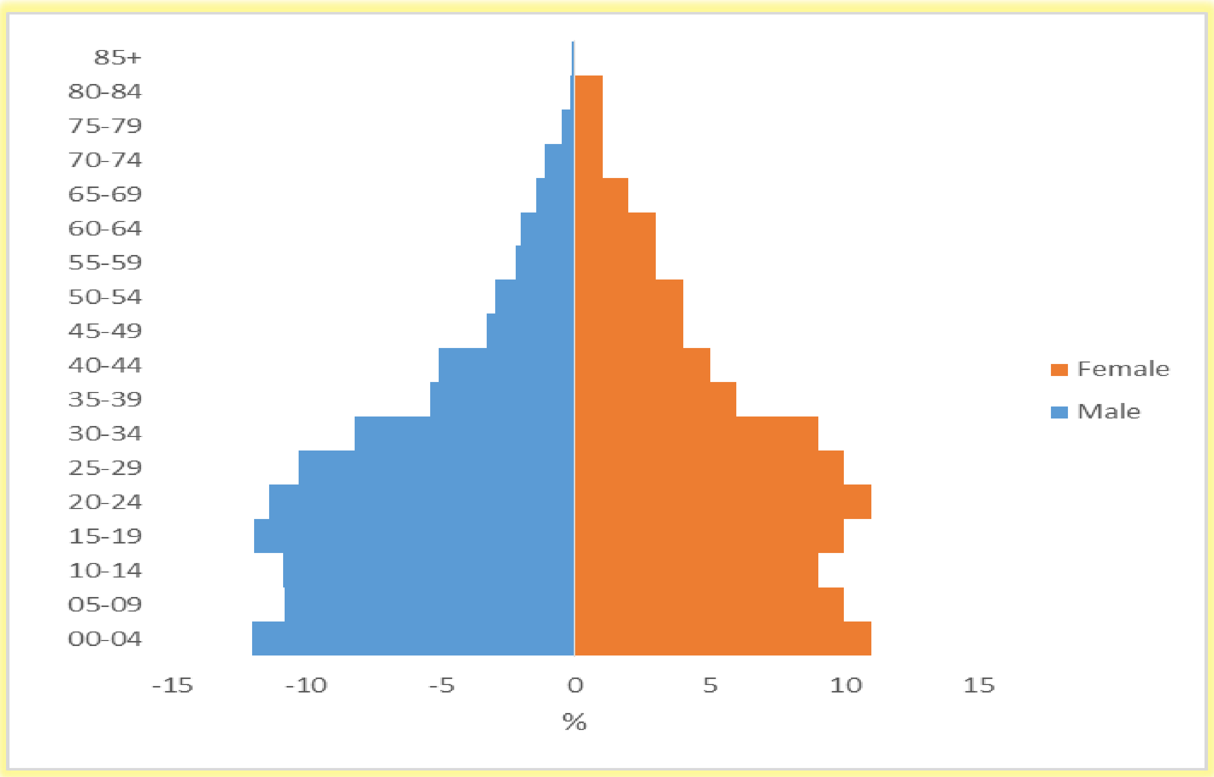
The key findings were derived from the community survey which was conducted in 2016 by stats SA . Some of the data/information that was obtained is used for comparison purpose. The table below illustrates the population, sex and dependency ratio. The findings illustrate demographic profile from the national to local level (Mandeni Municipality).

Table 1.3.1 Population Details

Indicator	Sub Indicator	Population	% of population
Population	Population	147 808	
	Young (0-14)	47 242	32%

Population Composition	Youth (15-34)	60 385	41%
	Adults (35-64)	33 426	20%
	Elderly (65+)	6 755	7%
Gender	Male	70 257	48,0%
	Female	77 551	52,0%

	Male	**Female**
0 – 4	8447	8411
5 – 9	7590	7799
10 – 14	7638	7357
15 – 19	8393	7909
20 – 24	7994	8261
25 – 29	7238	7921
30 – 34	5768	6900
35 – 39	3796	4577
40 – 44	3579	3818
45 – 49	2318	3287
50 – 54	2110	2755
55 – 59	1571	2213
60 – 64	1431	1970
65 – 69	1032	1726
70 – 74	803	1093
75 – 79	337	720
80 – 84	120	458
5+	92	376


85+
80-84
75-79
70-74
65-69
60-64
55-59
50-54
45-49
40-44
35-39
30-34
25-29
20-24
15-19
10-14
05-09
00-04
-15
-10
-5
0
5
10
15
%
Female
Male

1.2.3. VISION AND MISSION

VISION

"TO BE A RELIABLE PEOPLE CENTERED AND SUSTAINABLE ECONOMIC HUB BY 2030"

MISSION

We will achieve our mission by:

- ✓ Continuously striving for better
- ✓ Excelling all key processes of Service Delivery.
- ✓ Continuously listening and responding to our communities and all stakeholders.

VALUES

In keeping with the principles of Batho Pele, Our conduct will be guided by the following:,

- ✓ Transparency
- ✓ Integrity
- ✓ Inclusiveness
- ✓ Commitment
- ✓ Honesty
- ✓ Professionalism

1.2.4. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The Technical Services Department (TSD) is primarily responsible for the maintenance, upgrade and provision of new municipal infrastructure assets and service delivery. It consists of the following divisions:

- Technical Administration/Planning and Projects (PMU);
- Roads and Storm Water Repairs and Maintenance;
- Parks, Verges and Open Spaces Maintenance;
- Municipal Buildings Repairs and Maintenance (Works);
- Electricity Distribution; Street lighting; installations and Mechanical Workshop.

The municipality has initiated a process towards the establishment of a Programme Management Unit (PMU) to create sufficient capacity within this department and reposition the municipality to deliver sustainable infrastructural services. The PMU will comprise of appropriately qualified, skilled and experienced personnel. It will manage all major capital projects, bring expertise, develop systems and procedures and transfer skills and knowledge to municipal staff to leave behind a well capacitated unit on exit.

Mandeni Municipality holds Infrastructure Development Summit started in November 2013 in order to bring together all relevant stakeholders from varying sectors of society to engage and discuss the infrastructure related challenges facing the municipality and identify possible solutions. Solutions were identified; programmes and action plans were developed to help the municipality to achieve its true potential. The recommendations have been incorporated into the organisational strategy.

COMMENT ON ACCESS TO BASIC SERVICES:

All formal households have access to basic civil engineering services. Informal areas within the urban edge have been provided with a minimum level of basic services since 2007. The provision of services to the informal areas is as a result of rural-urban migration and new family formation which makes planning difficult. An assessment is made annually to determine the backlogs to be addressed based on available funding. Theft and vandalism disrupt the provision and maintenance of services.

Even though Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section on Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

1.2.5.FINANCIAL HEALTH OVERVIEW

1.25.1. FINANCIAL OVERVIEW

The Budget and Treasury Office’s main responsibilities are to ensure that:

- The municipality’s assets are safeguarded
- The municipality’s budget is achieved
- The finances are properly accounted for and reported accordingly.

In implementing these functions there are key indicators to ensure their achievement. Deviations are explained.

The purpose of this report is to give an overview update on the progress of implementing these functions

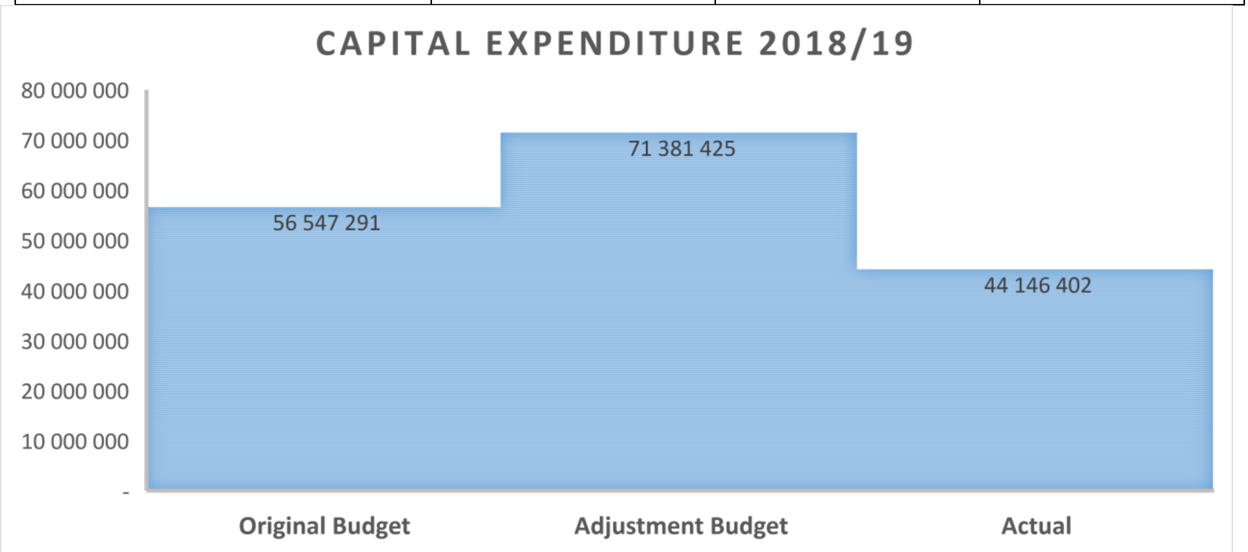
Financial Overview: 2018/19			**R' 000**
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income:			
Grants	206 854 000	223 784 353	194 857 059
Taxes, Levies and tariffs	81 519 785	93 729 605	87 209 073
Other	4 899 341	5 549 341	7 708 187
Sub Total	293 272 946	323 063 299	289 774 319
Less: Expenditure	247 899 946	263 092 085	267 162 385
Net Total*	45 373 000	59 971 214	22 611 934
** Note: surplus/(deficit*			

Operating Ratios	
Detail	**%**
Employee Cost	37
Finance Charges & Impairment	0.9

1.4.3 COMMENT ON OPERATING RATIOS

- Remuneration for Employee Related Costs and Councilors remuneration is 37% below the norm of 40%, however this ratio must be monitored so as to ensure that expenditure is directed to improving service delivery within the municipality.

Total Capital Expenditure: 2016/17 to 2018/19 Financial Years R'000			
Detail	**2016/17**	**2017/18**	**2018/19**
Original Budget	51 182 000	57 721 000	56 547 291
Adjustment Budget	37 682 000	51 721 000	71 381 425
Actual	81 257 960	58 306 506	44 146 402



1.2.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.2.6.1. ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Organisational development function falls under the Human Resource Section. Its main objectives are: To manage organisational design and business modelling, co-ordinate culture and change management, administer job descriptions, job evaluation system management, and to develop and maintain an effective employee performance appraisal system and awards process.

The organisational strategic performance however sits in the office of the Municipal Manager, with functions of providing Strategic Scorecard provides the Council with a measurable tool enabling them to fulfil their oversight role in overseeing strategy implementation and consist of the following key elements:

- Strategic Outcomes
- Strategic Key Performance Indicators
- Strategic projects

This document, the Mandeni Municipality Employment Equity Plan (EEP) is prepared in conjunction with the requirements of the Employment Equity Act 55 of 1998' hereinafter referred to as the Act, the associated Regulations and Codes of Best Practice. The (EEP) addresses all aspects of Affirmative Action measures defined by the Act, to redress the disadvantages in employment experienced by designated groups in order to ensure their equitable representation in the all occupational levels and levels in the workforce.

The Mandeni Municipality Employment Equity Plan (EEP) which covers the period of 2012 to 2018 is prepared in conjunction with the requirements of the Employment Equity Act 55 of 1998' hereinafter referred to as the Act, the associated Regulations and Codes of Best Practice. The (EEP) addresses all aspects of Affirmative Action measures defined by the Act, to redress the disadvantages in employment experienced by designated groups in order to ensure their equitable representation in the all occupational levels and levels in the workforce.
This section is fully reported in Chapter 4 of this document.

1.2.7AUDITOR GENERAL REPORT

Auditor-General of South Africa

Mandeni Municipality

Audit report 2018-19

Report of the auditor-general to KwaZulu-Natal Provincial Legislature and the council on Mandeni Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Mandeni Municipality set out on pages ... to which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information and actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mandeni Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International* Code *of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical-responsibilities in accordance with these requirements and the IESBA codes.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 52 and 53 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of reclassifications and errors in the financial statements of the municipality at, and for the year ended, 30 June 2019.

Material impairments - receivables from exchange and non-exchange transactions

8. **As** disclosed in notes 5 and 6 to the financial statements, material impairment allowances of R30,88 million (2017-18: R31,78 million and R123,56 million (2017-18: RB7,22 million) were made against receivables from exchange and non-exchange transactions respectively.

Other **matter**

9. I draw attention to the matter below.

Unaudited disclosure notes

10. In terms of section 125(2}(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of accounting officer for the financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

12. In preparing the financial statements, the accounting officer is responsible fo·r assessingthe Mandeni Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PM) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for the selected objective presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the basic service delivery and infrastructure development objective presented on pages xx to xx of the annual performance report of the municipality for the year ended 30 June 2019.

18. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

19. I did not raise any material findings on the usefulness and reliability of the r ported performance information for the basic service delivery and infrastructure development objective.

Other matter

20. I draw attention to the matter below.

Achievement of planned targets

21. The annual performance report on pages xx to xx includes information on the achievement of planned targets for the year.

Report on the audit of compliance with legislation

Introduction and scope

22. In accordance with the PM and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

23. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

24. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of capital commitments identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

25. Reasonable steps were not taken to prevent unauthorized expenditure of R28,02 million as disclosed in note 49 to the annual financial statements, in contravention of section 62(1Xd) of the **MFMA.**

26. Reasonable steps were not taken to prevent irregular expenditure of R21,77 million as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the **MFMA.** Most of the irregular expenditure incurred was due to payments made on expired contracts.

Human resource management

27. The municipal manager and senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the Municipal Systems Act of South Africa.

Procurement and contract management

28. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with supply chain management (SCM) regulation 29(2).

29. Some of the contracts were awarded to bidders that had not scored the highest points in the evaluation process, as required by section 2{1)(f) of the Preferential Procurement Policy Framework Act and Preferential Procurement Regulations.

30. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.

31, Some of the bid documentation for procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).

32. Awards were made to providers who were in the service of other state institutions or whose directors/ principal share11olders were in the service of other state institutions, in contravention of section 1120) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).

33. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

Other information

34. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected objective presented in the annual performance report that has been specifically reported in this auditor's report.

35. My opinion on the financial statements and findings on compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

36. In connection with my audit. my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

37. The other information I have obtained up to the date of this auditor's report is the accounting officer's report and the mayor's foreword. The audit committee's report is expected to be available to me after 30 November 2019.

38. If, based on the.work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

39. After I received and read the audit committee's report, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

40. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

41. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

42. The accounting officer did not exercise adequate oversight over the implementation of policies and procedures relating to SCM and related legislation. In addition, management did not perform adequate review procedures and reconciliations in respect of financial reporting.

Auditor-General
Pietermaritzburg

30 November 2019

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure Auditor general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for the selected objective and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

   - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
   - conclude on the appropriateness of the accounting officer's use of the going concern **basis** of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Mandeni Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

1.2.7.1. AUDIT REPORT

No.	Activity	PROGRESS
01	As disclosed in note 52 and 53 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of reclassification and errors in the financial statements of the municipality	
02	As disclosed in note 5 and 6 to the financial statements, material losses of R30,88 million (2017-18: R31) Was incurred as a result of a write-off of irrecoverable trade debtors from exchange and non-exchange transactions.	
03	The debtors of the municipality are overstated as they include irrecoverable debts because the writing-off debts has not been implemented entirely	
04	During the audit of predetermined objectives, it was noted that the overall presentation of the performance information in the planning document, amended SDBIP and the APR was not aligned.	
05	The reference numbering in the score card is not sequential; there are missing reference numbers and Manager PMS confirmed that the numbers are deleted or removed when the key performance indicator is removed.	
06	ategies documented on the score card are not the same as the strategies on SDBIP The score card has unit measures and the SDBIP does not have unit measures	
07	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements in receivables from exchange transactions, receivables from non-exchange transactions, of trade receivables, VAT receivables, property, plant and equipment and investment property items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records provided, resulting in the financial statements receiving an unqualified audit opinion.	
08	Reasonable steps were not taken to prevent irregular expenditure amounting to R21,77 million, as disclosed in note 49 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure related to expired contracts and contracts extended without following the due process.	
09	Reasonable steps were not taken to prevent unauthorised expenditure amounting to R28,02 Million as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure relates to debt impairment and human resource related cost	
10	The municipal manager and senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the Municipal Systems Act of South Africa.	
11	The competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with supply chain management (SCM) regulation 29(2). Based on inspection of the minutes of the bid adjudication committee meetings, it was noted that the acting CFO or/and CFO was not part of the constitution of the bid adjudication committee for the following bids resulting in non-compliance with both the SCM regulation and the SCM policy	

	Furthermore, it was noted that the Senior SCM Official was not part of the constitution of the bid adjudication committee for the following bids resulting in non-compliance with the SCM regulation and SCM policy	
12	Some of the contracts were awarded to bidders that had not scored the highest points in the evaluation process, as required by section 2(1)(f) of the Preferential Procurement Policy Framework Act and Preferential Procurement Regulations	
13	Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation	
14	Some of the bid documentation for procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).	
15	Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).	
16	The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA	
17	The internal control deficiencies that were identified as the root cause and resulted in the findings on compliance with legislation reported on the audit report. Addressing these deficiencies will help to improve the audit outcome.	
18	Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA	

1.2.8 COMMENT ON THE ANNUAL REPORT PROCESS:

The Municipal Finance Management Act No. 56 of 2003, Chapter 12, prescribes that every municipality must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129. The purpose of an annual report is –

1. to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;

2. to provide a report on performance against the budget of the municipality or municipal entity for the financial year; and
3. To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.
   - 3.1 The annual report of municipality must include –
   - 3.2 the annual financial statements of the municipality, and in addition if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126 (1);
   - 3.3 the Auditor-General's audit report in terms of section 126 (3) on those financial statements; and
   - 3.4 The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.

The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit those statements to the Auditor-General for auditing and the accounting officer of a municipal entity must prepare the annual financial statements of the entity and, within two months after the end of the financial year to which those statements relate, submit those statements to the parent municipality of the entity and the Auditor-General for auditing. The Auditor-General must audit those financial statements and submit and audit report to the accounting officer of the municipality or entity within three months of the receipt of the statements.

The mayor of a municipality must, within seven months after the end of the financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control. The council of a municipality must consider the annual report of the municipality of municipal entity, and by no later than two months from the date on which the annual report was tabled in council, adopt an oversight report containing council's comments on the annual report which must include a statement whether the council-

1. Has approved the annual report without reservations;
2. Has rejected the annual report; or
3. Has referred the annual report back for the revision of those components that can be revised.

In order to give effect to the above legislative requirements, Mandeni Municipality adheres to the table above in order to ensure the communities of Mandeni Municipality are able to view the contents of the Annual Report on time; the table serves as a strict and legislated guide.

CHAPTER 2

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GOVERNANCE

CHAPTER 2

2. GOVERNANCE

INTRODUCTION TO GOVERNANCE

The nature of governance within the Municipality is such that it is spread in four major components with various structures exercising some authority and accountability in various levels. The following depicts the governance components:

- Political Governance Structure, this governance structure deals with the political governance of the Municipality through Political Office Bearers, Council, Committees;
- Administrative Governance Structures, this governance structure on the other hand focuses on the administration and management of the Municipality is vested in the Municipal Manager who is the Accounting Officer. The Municipal Manager is assisted by the Senior Management Team of the Executive Managers. The Municipal Manager is tasked with the establishment, development and management of sound and effective municipal administration;
- Intergovernmental Relations, the Executive Mayor is the custodian of the intergovernmental relations fora. There are various structures that have been established at the local and provincial level to promote engagement between Municipalities, Sector Departments, State Entities, and etc;
- Public Accountability and Participation, the Mayor assisted by the Municipal Manager is responsible for the community engagement and participation in the affairs of the Municipality, such as IDP, budget processes, public meetings/Mayoral Izimbizo, etc;
- Corporate Governance, the Municipal Manager assisted by Senior Managers is responsible for the Corporate Governance of the Municipality. This entails risk management & anti-corruption and fraud, internal audit, Supply Chain Management, Oversight Committees, Policies and By-laws, integrated reporting, etc.

2.1. POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political & administrative governance at Mandeni Municipality comprises of the elected councillors and the respective senior managers and the way they actually work together on a day-to-day basis in order to achieve organizational goals

The political governance of the Municipality is derived from the Constitution of 1996 which directs in Section 151 (3) that the Municipality has the right to govern on its own initiative, the local government affairs of the local community. The legislative and executive authority of the Municipality is vested in the Municipal Council.

The Municipal Systems Act Chapter 7 Section 50-52 directs that the Municipality must within its administrative and financial capacity establish and organise its administration in a manner that would enable the Municipality to respond to the needs of the community, facilitate the culture of public service and accountability. The Administration of the Mandeni Municipality under the stewardship of the Municipal Manager who exercises the administrative governance of the Municipality

COMPONENT A: POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE.

In compliance with Section 151(3) of the Constitution, Section 53 of the Systems Act (Act 32 of 2000) and the Municipal Structures Act (Act 117 of 1998) Mandeni Municipal Council governs the local government affairs of the local community on its own initiative. The roles and areas of responsibility of each political structure and each Political Office Bearer of the Municipality and of the Municipal Manager is defined and adhered to accordingly.

The Political Leadership of the Municipality comprises of elected Councillors through both the Ward System and Proportional Representation, is led by the Mayor. On the other side the Administration of the Municipality is composed of Executive Management appointed in terms of Section 56 and 57 of the Municipal Systems Act as amended. The Municipal Manager is the head of Administration. In order to realise the Constitutional mandate of the Municipality these two components, including the Community have to work together.

COUNCIL

The Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Mayor and the Executive Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision-makers, councillors are also actively involved in community work and the various social programmes in the Municipal Area and also through the ward committees established in each of the 18 wards.
The municipality's political affairs are managed through an Executive Committee (EXCO) headed by the Mayor. There are different Portfolio Committees, each headed by a member of the Executive Committee member established to ensure effective governance.

EXECUTIVE COMMITTEE

The Honourable Mayor of the Municipality, Councillor S. B. Zulu, assisted by members of the Executive Committee, heads the executive arm of the Municipality. The Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Mayor, delegated by the Council, as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Mayor operates in concert with the Executive Committee.

PORTFOLIO COMMITTEES

Section 80 committees are established to advise the Mayor on policy matters and any other matter to be considered by the Mayor. They are assigned to specialise in a specific functional area of the Municipality and can only make decisions on specific functional issues if delegations have been granted to them. They are appointed by Council and the Chairperson is appointed by Council.

The municipal administrative departments report to council via EXCO through its Portfolio Committees of relevance in terms of the key performance areas. The following are the portfolio committees that have been established:

- Community Service and Public Safety
- Economic Development Planning and Human Settlement
- Budget and Treasury
- Infrastructure Development and Technical Services
- Local Public Administration and Human Resources
- Special Programmes

Section 79 committees are permanent committees appointed to advise the Municipal Council. Council established the Municipal Public Accounts Committee (MPAC) to perform an oversight function on behalf of Council over the executive functionaries of the Council. MPAC inter alia serves as an oversight committee to make recommendations to the Council when it adopts the Oversight Report on the Annual Report in terms of section 129 of the Municipal Finance Management Act.

RULES COMMITTEE

This committee is normally chaired by the Speaker of Council and is normally composed of Chief Whips of all political parties represented in Council and other members that Council may add.

Terms of Reference

- Look at the implementation of Councillor Code of Conduct and adherence thereto
- Look at the implementation of Council Rules of Order and Standing Orders
- Advise Speaker and Council on matters needing attention
- Look at Council Dress Code and other matters related to council activities.
- Advise the Speaker and Council on matters requiring disciplining of councillors when Rules and Standing Orders are broken.
- Advise the Speaker and Council on the appointment of Ad Hoc committees when need arises
- Regularly reports to Council on its work and activities.
- Regulate Internal Functioning of Council and its committees.

AUDIT COMMITTEE AND PERFORMANCE AUDIT COMMITTEE

In terms of section 166(2) of the MFMA, Council has an Audit Committee which is an independent advisory body which must advise the Municipal Council, the political office-bearers, the accounting officer and the management staff of the Municipality, on matters relating to:

- Internal financial control;
- Risk management;
- Performance management; and
- Effective governance.

A. EXECUTIVE COMMITTEE

 **HIS WORSHIP: THE MAYOR Cllr. S. B. Zulu**	The Mayor is the leader of the council and has a number of roles which are both legislative and functional. The legislative requirements are outlined in Section 73 and 73AA of the Local Government Act 1989. The LG Act states that the functions of the Mayor of a Council include: • - Providing guidance to Councillors about what is expected of a Councillor, including in relation to the role of a Councillor under section65, and the observation of the Councillor - -Conduct Principals and the Councillor Code of Conduct under section 76B, 76BA and 76C - Acting as the principal spokesperson for the Council • Supporting good working relations between Councillors - Carrying out the civic and ceremonial duties of the Office of the Mayor
 **HER WORSHIP: THE DEPUTY MAYOR Cllr. M P. M. Sishi**	The Executive Deputy Mayor exercises the powers and performs the duties of the Executive Mayor if the Executive Mayor is absent or not available or if the office of the Executive Mayor is vacant.

<table>
<tr><td>
SPEAKER: Cllr. MMP Zungu</td><td>Functions and duties of the Speaker among other things are as follows:

1) Presides at meetings of Council
2) Performs duties and exercise powers delegated to him in terms of Municipal Systems Act.
3) Must ensure that Council meets at least quarterly
4) Must maintain order during Council meetings
5) Must ensure compliance with the Code of Conduct by Councilors
6) Must ensure that Council meetings are conducted in accordance with Standing Rules and Orders.</td></tr>
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<tr><td>
Cllr. L. Mdletshe</td><td>
Mr T.P Mdlalose</td></tr>
<tr><td>
Cllr. M. S. Mdunge</td><td>
Cllr. Ntuli</td></tr>
<tr><td>
Cllr. M. Shelembe</td><td></td></tr>
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B. COUNCILLORS

Councilors are elected by the local registered voters in terms of the local segment of the Voter's Roll to serve a predetermined term of office on the local council as representatives of their respective constituencies. Mandeni Local Municipality has a total of 35 seats. Eighteen (18) of these seats are allocated to ward councilors who are elected by each of the eighteen wards. Another seventeen (17) seats are allocated top parties through the proportional representation system of elections.

ALLOCATION OF COMMITTEES

Mandeni Local Municipality has five (5) Section 80 Committees established by Council. Each one of these committees is chaired by the members of Executive Committee, and the allocation is as follows:

	A. ECONOMIC DEVELOPMENT AND HUMAN SETTLEMENT			
1.	**CLLR**	**LR**	**MDLETSHE**	**ANC -Chairperson**
2.	**CLLR**	**MC MKHALIPHI**		**ANC**
3.	**CLLR**	**SJ**	**MATHONSI**	**ANC**
4.	**CLLR**	**N**	**MSIMANGO**	**ANC**
5.	**CLLR**	**M**	**NGUBANE**	**ANC**
6.	**CLLR**	**NR**	**TEMBE**	**ANC**
7.	**CLLR**	**DM**	**SITHOLE**	**IFP**

	B. INFRASTRUCTURE DEVELOPMENT TECHNICAL SERVICE			
1.	**CLLR**	**TP MDLALOSE**		**ANC -Chairperson**
2.	**CLLR**	**MT**	**CELE**	**ANC**
3.	**CLLR**	**TP**	**ZUMGU**	**IFP**
4.	**CLLR**	**MM**	**MNGADI**	**ANC**
5.	**CLLR**	**BW**	**MTHETHWA**	**ANC**
6.	**CLLR**	**NR**	**SIBIYA**	**ANC**
7.	**CLLR**	**N**	**DLAMINI**	**ANC**

	C. LOCAL PUBLIC ADMINISTRATION HUMAN RESOURCE			
1.	**CLLR**	**NF NTULI ANC -Chairperson**		
2.	**CLLR**	**BA**	**KHUMALO**	**IFP**
3.	**CLLR**	**MV**	**MHLONGO**	**ANC**
4.	**CLLR**	**SG MATHONSI**		**ANC**
5.	**CLLR**	**CL MTHEMBU**	**ANC**	
6.	**CLLR**	**NR**	**SIBIYA**	**ANC**
7.	**CLLR**	**NR TEMBE**	**ZUNGU**	**ANC**

	D. FINANCE			
1.	**CLLR**	**SB**	**ZULU**	**ANC -Chairperson**
2.	**CLLR**	**N**	**DLAMINI**	**ANC**
3.	**CLLR**	**K**	**NAIDOO**	**DA**
4.	**CLLR**	**BW**	**MTHETHWA**	**ANC**

5.	CLLR	ST	MAGWAZA	ANC
6.	CLLR	EK	DUBE	IFP
7.	CLLR	AA	ZUNGU	ANC

	E. COMMUNITY SERVICES AND PUBLIC SAFETY			
1.	CLLR	PM	SISHI	ANC -Chairperson
2.	CLLR	SZ	MDLETSHE	ANC
3.	CLLR	GN ZUNGU	ANC	
4.	CLLR	S	NKWANYANA	EFF
5.	CLLR	DM	SITHOLE	IFP
6.	CLLR	N	NOMVETE	ANC
7.	CLLR	MM	MNGADI	ANC

POLITICAL DECISION-TAKING

The Standing Rules and Orders of Council and various pieces of legislation including the Constitution of the Republic of South Africa provides for the processes of decision making by Council.

All issues pertaining to the matters listed below are dealt with by Council and the resolution passed through the supporting vote of the majority of members of Council:

a) Approval of Budget

b) The imposition of rates and taxes, levies and duties.

c) The passing of By-laws.

d) The raising of loans.

Other matters are delegated to the Executive Mayor in terms of Section 59 of the Municipal Systems Act. The Executive Mayor must report to Council on the execution of duties delegated to her. All other matters before Council are decided by the majority of votes cast in a particular meeting.

If on any matter there is an equality on votes cast, the Speaker exercise a casting vote in addition to that of him being a Councillor.

Before a Council passes a resolution on any of the following matters it shall first require the Mayor to play his executive role and submit a report and recommendation to the full sitting of Council.

a) The passing of By-laws

b) The approval of budgets

c) The imposition of rates

d) The raising of loans

e) The approval of the IDP and any amendments or reviews of this plan.

f) The appointment and conditions of service of the Municipal Manager and Managers directly accountable to the Municipal Manager.

g) And any other powers and functions as prescribed by various pieces of legislation.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Chairperson	CLLR TP SHANDU	ANC
Member	CLLR AM GWALA	ANC
Member	CLLR NT SHANDU	ANC
Member	CLLR SR MDLETSHE	IFP

FUNCTIONS

The MPAC is a committee of the municipal council, appointed in accordance with section 79 of the Structures Act. The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. This will include oversight over municipal entities. In order for the MPAC to fulfil this oversight role, it needs to be provided with the necessary information and documentation to interrogate the actions of the executive.

REPORTING

The MPAC reports directly to the municipal council and the chairperson of the MPAC must liaise directly with the speaker on the inclusion of reports of the MPAC in the council agenda. As the MPAC is a committee of the council, its reports are submitted directly to the council without being submitted to the Executive Committee. The chairperson of the MPAC liaises directly with the speaker on the inclusion of its report in the council agenda, and the committee staff ensures that the documentation is physically included in the agenda of the council meeting.

COMPONENT B: ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipality has established a process or mechanism to regularly evaluate the staff establishment and if necessary review the staff establishment, in line with organizational objectives and development priorities. This mechanism provides for the review of the organizational structure at the beginning of the financial year, which entails revisiting each Department and Business Units to ensure that they respond to the priorities contained in the Integrated Development Plan (IDP). The organizational design and the structure of the Municipality are such that it seeks to respond to both national and local government priorities of:

a) Municipal Institutional Development & Transformation.

b) Basic Service Delivery

c) Local Economic Development

d) Municipal Financial Viability

e) Good governance

f) Building Local Economies to create more employment & sustainable livelihood.

g) Improve local public services and broaden access to services

h) Promote more active community participation in local government

i) Effective, accountable and clean local government

The Municipal Manager is the Head of Administration and plays a pivotal role in the functioning of the Municipality. The Municipal Manager subject to policy direction by Council must organize the Administration in the manner that enables Council to hold the Municipal Manager accountable for the overall performance of the Municipality.

As head of the administration, the municipal manager is responsible for the formation and development of an economical, effective, efficient and accountable administration, which is equipped to implement the IDP, operates within the municipality's performance management system, and is responsive to the needs of the local community to participate in municipality. The municipal manager manages communication between the political structures and office-bearers and the administration.

In order to be able to give fruition to the requirement to run an efficient, economical and accountable administration, the operations of the municipality are divided into six directorates:

a) Office of the municipal Manager

b) Budget and Treasury

c) Corporate Services

d) Community Services and Public Safety

e) Economic Development, Planning and Human Settlements

f) Infrastructure and Technical Services

2.2. TOP ADMINISTRATIVE STRUCTURE

MUNICIPAL MANAGER

Mr. S.G Khuzwayo

Municipal Manager is responsible for the operations and performance in the following sections:

- Responsible for setting up effective and sound local administration;
- Coordinates the compilation of IDP;
- Responsible for PMS of the Municipality;
- Oversees the management of internal audit;
- As the Accounting Officer has overall responsibility for finances of the Municipality;
- Advice Political Office Bearers and Council on various issues;
- Responsible for compliance of the Municipality with various pieces of legislation;
- Must ensure community participation in the affairs of the Municipality;
- Legal Services; and
- Risk Management

CHIEF FINANCIAL OFFICER

Miss N.N. Mngomezulu

Chief Financial Officer is responsible for the operations and performance in the following sections:

- Financial Planning and Treasury;
- Supply Chain Management;
- Expenditure Control;
- Credit Control and Debtors;
- Revenue Control; and
- Asset Management and
- Property Valuations;

 **DIRECTOR: CORPORATE SERVICES** **Mr. V.P Zulu**	Corporate Services Director is responsible for the operations and performance in the following sections: ▪ Information and Communications Technology; ▪ Administration and Auxiliary Services; ▪ Human Resources and ▪ Council Secretariat
DIRECTOR: TECHNICAL SERVICES **Mr. K. Gumede** 	Technical Services Director is responsible for the operations and performance in the following sections: ▪ Electrical Services; ▪ Roads and Storm water; ▪ Mechanical Workshop; ▪ Municipal Buildings; ▪ Waste Management; ▪ Parks, Verges and Gardens; ▪ Project Management.
 **DIRECTOR: ECONOMIC DEVELOPMENT & PLANNING HUMAN SETTLEMENTS** **Mr. Mbongwa**	Economic Development & Planning Human Settlements is responsible for the operations and performance in the following sections: ▪ Local Economic Development; ▪ Development Planning; ▪ Strategic Planning/IDP; ▪ Human Settlements and ▪ Building Control.

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DIRECTOR: COMMUNITY SERVICES AND PUBLIC SAFETY.

Mr. Z. Mineka

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The community Services Department is primarily responsible for the social wellbeing of the community. It comprises the following sections:

- Library Services;
- Parks, Verges and Gardens Community Facilities;
- Community Development;
- Public Safety
- Fire and Rescue Services and Disaster Management;
- Security Services
- Cemeteries & Crematoria and
- Waste Management

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2.3. INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The municipality strengthened the functioning of the following structures established according to the provisions of the Intergovernmental Relations Framework Act no 13 of 2005. These high level strategic forums are as follows: IDM Intergovernmental Relations Forum, Executive Mayors Forum, District Speakers Forum, Municipal Managers Forum, Chief Financial Officers Forum, IDP Representative Forum and PMS Forum.

The above forums are established to share best practices among others and to ensure compliance. These forums focus mainly on issues of progressive governance and unblocking bottleneck within certain spheres. Such forums must be attended to check and report on service delivery. Once these forums are successful, service delivery will be achieved and we will have communities that are happy.

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Mayor and Municipal Manager of Mandeni LM attend the Premier's Co-ordinating Forum (PCF). The IDM enjoys the advantage of having the Mayor as the Chairperson of SALGA, which then puts the Region in a better position to influence SALGA in strategic issues that are of interest to the Region and South Africa as a whole. Members of the Mayoral Committees (MMCs) also attend, and in some cases chair SALGA working groups. The IDM also sends representatives to SALGA Provincial and National Members' Assemblies.

Inter-Governmental Forums (IGR) are functioning well at District level. The Mayors IGR Forum has a year programme scheduled for monthly meetings. The Speakers', Chief Whips' and MMCs' Forums as well as the Troika meetings are operating. The MMCs also have established relations with their respective Member of Executive Committees (MECs) and in some cases, national government departments as well.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Municipality participates in the Premiers' Inter-Governmental Forum as well as the Provincial Speaker's Forum.

The Municipal Managers also have a Provincial and National Forum. In all these Forums, issues pertaining to service delivery and matters of common interest are discussed.
Information and best practices are shared and the interaction with Province and other municipalities is valuable to have a better co-ordination and co-operation.
Various forums in which officials participate are also structured at Provincial level, e.g. Communication Forum and SALGA Technical workgroups.
Councillors and Officials also participate in SALGA working groups in which valuable information is shared.

RELATIONSHIPS WITH MUNICIPAL ENTITITIES

The Mandeni Municipality has no municipal entities; however, the Enterprise Ilembe has been established within the Ilembe District Municipality.

DISTRICT INTERGOVERNMENTAL STRUCTURES

IGR in the ILembe District was initially introduced in 2006 and has since developed fully. There is coordination in the functions of the District family of municipalities. It has provided a platform for the District municipalities to plan and synchronise all the programmes and projects that are inter-reliant as provided by the IDP's.
There are 10 Forums within the district, with the District Intergovernmental Forum being the highest authority. All Forum are constituted by senior officials from the Local Municipalities, District Municipality, Provincial and National Sector Departments. Each forum meets as indicated in the structure above to discuss issues pertaining to its portfolio and functions with an aim to devise a plan on how these entities can collectively work towards achieving their respective IDP objectives and National priorities/outcomes.
The Sub-Forums then report to the Technical Support Forum (made up by Municipal Managers) for discussion and recommendation. The Technical Support Forum in turn reports to the District Intergovernmental Forum (Mayors Forum).

2.4. PUBLIC ACCOUNTABILITY

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public participation is an institutionalised function in our Municipality. Our communities have learned to appreciate the elaborative process which ensures that all interested residents are afforded ample opportunity to make meaningful contributions to policy development and planning for developments in the municipal jurisdiction. The evolution of ward-based planning and the related establishment of ward committee system have elevated community participation to higher level in terms of legal provision and institutionalisation of the process. Mandeni Local Municipality, through the Office of the Speaker, liaise continuously with communities through ward committee members and other stakeholder forums.

In order to facilitate maximum participation by ward committee members, the Municipality provides stipends for each member.

In the promotion of public accountability and participation members of the public are invited to attend all meetings of the Council and its committees. Another mechanism of public participation is conducted through Mayoral Budget and Integrated Development Plan (IDP) Izimbizo's. These are held prior to developing the draft budget in order to provide feedback to the community the implementation of projects in the current financial year and to illicit the needs of the community in order to provide input for the new financial year. A second Izimbizo is held once the draft budget has been developed in order to inform the public of key elements in the proposed budget and illicit responses thereto.

COMMUNICATION, PARTICIPATION AND FORUMS

The Municipal Systems Act as promulgated in 2000 describes the various core processes that are essential in realizing a system of developmental local government. These aspects include participative governance, IDP, performance management and reporting, resource allocation and organisational change. These processes are linked into a single cycle at the local level that will align various sectoral initiatives from national and provincial government departments with municipalities own capacities and processes, including alignment with district initiatives.

The process plan is a document that is developed for this very purpose it outlines the framework/process for the alignment and engagement in the review of the Integrated Development Plan. This is done in alignment with parallel processes like the Budget and the Performance Management System. Every year around the end of August, the Municipality finalize a Process Plan which is approved by Full Council, once approved a public notice is posted to our website and various newspapers inviting members of public as well as various stakeholders to make submissions with regards to developmental priority needs. The very same Process Plan is posted on the Mandeni website where different activities and milestones are reflected in terms of the IDP review and PMS and Budget implementation and monitoring. The Mandeni Municipality has a structured program of public participation. This program is reflected in the Process Plan and forms the basis for citizenry engagement framework which is currently mooted in a form of a public participation policy.

The following are forms of citizenry participation that are utilized by the Municipality to ensure the citizen and stakeholders voices are accommodated in the planning, execution and review of the IDP, Budget and PMS processes:

- Ward Committee Monthly Meetings
- Stakeholders Quarterly Meeting (Reporting on PMS Progress/SDBIP and IDP
- Monthly Community Meetings by Councillors (due to financial constrains-are held once in two months /6 meetings per annum per ward
- Project Based Meetings
- Sector Plan Based Engagements
- Executive committee
- Full Council Meeting
- Integrated Development Planning Meetings:
- Izimbizo: Public Meetings for Budget, IDP etc.
- Municipal Property Rates Act (MPRA)
- Service Standard or Charter
- Community Based Planning
- Complaints Register: Customer Care and Batho Pele Engagements

- Sukuma Sakhe – Premier's Flagship Tool for Accelerated Service Delivery at a Ward Base Level
- Attendance to invitations by Interest groups
- Partnerships and MOUs: MIDI,
- Inaugural State of the Municipal Address (SOMA)

The public participation mechanisms/forums listed above are conducted throughout the year specifically at an operational level and then some of them are organized on a fortnightly, monthly, quarterly and annually as reflected in our Process Plan, the intergovernmental relations and citizenry participation system model is presented for adoption by Full Council which forms the basis for Public Participation Policy.

Appendix E that contains performance data on a ward by ward basis 2018/19

Appendix E that contains performance data on a ward by ward basis 2018/19

Public Meetings

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councilors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
IDP REPRESENTATIVE FORUM	20 September 2017 kick start the 2018/19 IDP Process review 31 January 2018 Gathering of projects from Sector departments 23 March 2018 Consider draft IDP / Budget 16 May 2018 – Before adoption 2018/19 IDP & Budget.	14 out of 18 12 out of 18 16 out of 18 8 out of 18 10 out of 18	9 10 17 8 13	Average 82	YES	NA
IDP COMMUNITY OUTREACH PROGRAMME	1st round of public meetings 25 October 2017 – 5 November 2017; 2nd Round of public meetings 5 April – 24 April 2018	38	7	2956	YES	PRESENTATION OF IDP PROCESS PLAN AND REPORT BACK FROM MAYOR REGARDING THE IMPLEMENTATION OF CURRENT IDP AND PROCESS OF THE PREVIOUS FY.

IDP COMMUNITY OUTREACH PROGRAMME	2nd Round of public meetings 5 April – 24 April 2018	38	15	3797	YES	PRESENTATION OF THE DRAFT BUDGET FOR 2018/19 FY, WHICH WILL INFORM IMPLEMENTATION OF 2018/19 IDP. SOLICIT COMMENTS ON DRAFT BUDGET FOR INCORPORATION ONTO THE DOCUMENT

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The Municipality formulated a programme with ward numbers, dates, time and venues for public meetings in relation to IDP review. The programme included stakeholders such as the business community and the rate payers. All the stakeholders were engaged on IDP review, Budget and Performance Management System in terms of the KPAs and KPIs. At the end IDP representative forum meeting resolutions were taken after participation by sector departments and NGO's, which were relevant to partake in the discussion of Mandeni IDP review all our meetings were successful with meaningful participation of the public.

1.1.1.1. IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	YES/NO
Does the municipality have impact, outcome, input, output indicators?	NO
Does the IDP have priorities, objectives, KPIs, development strategies?	YES
Does the IDP have multi-year targets?	YES
Are the above aligned and can they calculate into a score?	YES
Does the budget align directly to the KPIs in the strategic plan?	YES
Do the IDP KPIs align to the section 57 Managers	YES
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	YES
Were the indicators communicated to the public?	YES
Were the four quarter aligned reports submitted within stipulated time frames?	YES
* Section 26 of Municipal Systems Act 2000 T 2.5.1	

2.5. OVERVIEW OF CORPORATE GOVERNANCE

Corporative governance is a link between all three spheres of government as enshrined in the constitution of the country. Inter-governmental relations are working relations between spheres of government for realization of a service delivery. In terms of the mandate of each sphere per the constitution, the expectation is that spheres of government complement each other. This is done for the purpose of best practice and service delivery.

Corporate Governance within Mandeni Municipality entails *Risk Management*, *Anti-Corruption and Fraud*, Internal Audit, Audit and Audit Performance Committee, Municipal Public Accounts Committee and Supply *Chain Management* which is unpacked below.

COMPONENT A: RISK MANAGEMENT

The Mandeni Local Municipality subscribes to the Public Sector Risk Management Framework as well as other international best practices to identify, analyse, treat, monitor and communicate risks internally

The provision of Section 62 (1) (c) (i) of the Municipal Finance Management Act (Act Number 56 of 2003) stipulates that the Accounting Officer of the Municipality is responsible for managing the financial administration of the municipality and must for this purpose take all responsible steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

Risk Management unit does implement risk management processes, developing operational risk registers and taking action at an operational level to mitigate risks. The focus of these approaches is to identify risks that may prevent the organisation from achieving its strategic objectives, and implement control measures to mitigate these risks.

The Municipality has in the current year of assessment a dedicated individual to co-ordinate the function of risk management under the Risk officer. This individual has been ably guided by an independent risk chairperson, the Enterprise Risk Committee, the Audit and Performance Audit Committee, the Accounting Officer and all senior management and management in the formulation of the risk register. Furthermore, this individual has ensured that there has been quarterly sitting of the risk committee and that risks are monitored and reported on a quarterly basis. Internal audit has also played a significant role in this area in ensuring that the municipality complies with the requirements of the Municipal Finance Management Act.

The Audit Committee has also been actively involved in the risk management process with areas of slow or no progress being reported during Audit Committee meetings

Furthermore, the 2018/19 year was the third year in which the risk committee sat separately from TOP Management Committee and it was the third year in which the committee was chaired by an independent person. This year proved quite successful in terms of Enterprise Risk Management, as there was an overall increase in the maturity of the municipality in terms of culture, process and organization of Enterprise Risk Management.

The Municipality ensured that there was a successful risk assessment process conducted during the commencement of the period and it should be noted that this process was attended by the risk chairperson, the audit committee chairperson and representatives from the District. During this process the strategic (top 20 risk register was developed) as well as the administrative risk register (risks that fell outside the strategic risk appetite) as well as the ICT risk register. There was also the identification of fraud risks which were included in the strategic risk register. This risk assessment also ensured focus was given to IDP priority areas and the National KPA's to ensure that risks aligned to programs within the Municipality, Regionally, Provincially and Nationally.

During the 2018/19 year of assessment there was also a shift to ensure that there were dedicated risk champions appointed per department who could ensure that the risk process was adequately being followed within specific departments. The process of training risk champions has occurred on a high level however there is a district wide commitment to train all risk champions in the 2018/2019 year of assessment.

TOP 21 RESIDUAL RISKS201/2018

No	Risk Name	Risk Description	Controls Details
1	**Debt Control and Debt Management (Long term Debt Management)**	Poor strategic direction relating to debt management and debt Control.	• Ongoing negotiations with iThala for transfer of municipal service • Ongoing discussions with Eskom to allow municipality to provide electricity (which serves as a negotiating tool for rates payment) • Taking the matter of Ingonyama Trust Board (ITB) to court via municipal attorneys • Detailed discussions with government departments and entities owing money to the municipality • Debt awareness program run by the municipality to engage with community debtors through Mayoral Imbizos

No	Risk Name	Risk Description	Controls Details
2	**2018. Revenue Enhancement and Generation**	The municipality is confined to earning revenue from normal operating activities and is becoming more grant dependent to meet operating commitments. This has necessitated the need to expand on areas of service provision as well as to find alternate ways of revenue generation	• Ongoing negotiations with Ithala • Ongoing negotiations with iThala for transfer of municipal service • Ongoing discussions with Eskom to allow municipality to provide electricity (which serves as a negotiating tool for rates payment) • Capacitation of the DLTC for revenue generation through licenses and fines
3	**Completion of Housing projects**	The municipality serves as the middle man between the department of housing and the contractor however is the first point of contact when development of housing is slow or stalled and hence Slow progress in the construction and completion of housing units is a current and future concern	• Functional PSCs in place to monitor progress on all housing projects • To enroll contractors with the ABSA partnership programme to assist with financial support of local contractors • Regular sitting of housing technical committees to deliberate on technical issues for all housing projects • Quarterly housing forums to report on housing projects with various stakeholders and registering of challenges
4	**Resource Constraints**	Non-availability of key resources materials (e.g. Electricity -Globes, cables, transformer oil and Civil – Cold mix, storm water pipes, man hole covers) to perform operational duties and functions	None
5	**Fraud and Fraud Related**	There is no Organizational	• The CAE is currently addressing fraud via internal audit

No	Risk Name	Risk Description	Controls Details
	Activities – Resource Constraints	capacity and budget assigned to areas of fraud and fraud management. Activities undertaken are done so without delegation for compliance	• The assistance of CoGTA in addressing fraud control weaknesses
6	**Non-compliance- Business Licensing legislation**	Non- compliance with the proposed business bill	• Business licenses control register • Compliance with business regulation through: 1 meetings; 2. Inspection; 3. maintaining registers.
7	**Land for Development – Resource Constraint**	Lack of adequate land for development and expansion	Property Register • Valuation roll • Municipal Sundumbili tittle deed
8	**Debtors (Short to medium term)**	Non-Enforcement of debt collection Controls.	• Credit control by-laws • Debt Collection Policy • Debt Management campaigns to encourage payments (Mayoral Ibizo) • Dedicated debt Management Unit which follows up on all outstanding debts • Ongoing updates and alignment of debt pack to MSCOA on the debt management system • Tariffs Policy
9	**Driving License Testing Centre Management**	Non-compliance with DLTC rules and regulations	• On the job training on DLTC staff members • Monthly departmental MANCO meetings • Council resolution on the construction of new offices

No	Risk Name	Risk Description	Controls Details
			• Budget (R2 500 000.00) sourced to fund for construction of new offices • By-monthly inspection by Provincial and National DOT
10	**PPE (Plant) – resource Constraint**	The municipal area has 18 wards and due to current expansion programs the infrastructure maintenance requirements are in excess of equipment and plant that is available	• Use of additional hired plant to meet the need for maintenance plan. • Monthly maintenance schedules developed to ensure that scarce equipment are broadly distributed for all wards • Developed a maintenance policy
11	**Disaster Risk and Emergency Services Management**	Lack of resources (human, system and processes) to adequately perform disaster management responsibilities	• A single person employed within the Disaster Management Unit • Disaster Management Plan aligned to the new bill • Effective Fire Services outsourced to rural metro
12	**Financial Management: Other Income**	The BTO has numerous sources of income that are not being adequately managed and controlled 1. Hall income 2. Pool income 3. Library income 4. Fine and traffic revenue 5. Sale of tender documents 6. EDPHS Income	There are individual controls that exist for each stream of income: • Hall income has a MRF book prepared in triplicate • Library income has manual register and well capacitated staff • Traffic revenue is managed via the traffic management system and is constantly audited by Department of Transport

No	Risk Name	Risk Description	Controls Details
13	**Attraction/Retention of scarce skilled personnel (within operations and maintenance)**	The Technical service unit relies on technical experts to perform critical functions within operations and maintenance which otherwise would require outsourcing however these skills are not readily available within the Mandeni Municipal Area	• Outsourcing through consultants and contractors • Collaborating with FET Collage to engage artisans to perform functions within the municipality and at the same time develop a pool of skilled and experienced resources knowledgeable on the municipal infrastructure
14	**Constant changes in the Municipal Organogram (Special Programs)**	Constant changes in the reporting lines for staff in the Special Programmes Section	• Staff meetings to allay fears and motivate staff to keep them focused
15	**Fraud Management**	Fraudulent issuing of Learners licenses, vehicle licenses and renewal of drivers licenses. Fraudulent booking of community facilities Non recording of income received for library fines and photocopies	• Annual audits of critical line functions identifying issues relating to traffic and licenses, halls and libraries • ENaTis system • Slims system for libraries

No	Risk Name	Risk Description	Controls Details
16	**Ward Committees Capacitation**	Non-compliance with the Municipal Systems Act and other related statutes requiring Municipalities to train and capacitate Ward Committees	• Ad-hoc Workshops by key stakeholders such as ILembe Disaster and Risk Management • IDP consultative processes, all assist to shed information on public participation process
17	**Admin: Committees. Human Resource Constraint** **(KPI – there must be 60 portfolio committee meetings in one year)**	Inaccurate capturing and timeous distribution of committee minutes	• Appointment of an in-service trainee • Adoption and usage of Resilio system
18	**IT Contract management**	Numerous IT related service providers working with no proper contract signed with them	• Monthly monitoring of contracts by Contracts Officer
19	**HR: Non-compliance with the OHS Act in terms of safety Training**	Non-compliance with OHS Act and regulations with regards to management safety training	• Human Resources roadshow that includes Health and Safety policies • Quarterly Occupational Health and safety meetings
20	**HR: Alignment between HR and Payroll**	Payroll and HR modules are not integrated	• Monthly reconciliation of Payday and HR records
21	**IT - Non-compliance with IT Governance**	No proper implementation of IT Governance Framework	• IT Steering committee Quarterly meetings • Quarterly reporting to LHRPA(LPA)

No	Risk Name	Risk Description	Controls Details
	Framework		

COMPONENT B: ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI CORRUPTION STATEGY

The Municipality has taken an active role in dealing with fraud and anti-corruption. Firstly the municipality through its council has adopted the fraud and anti-corruption strategy in September 2017 and thereafter the strategy was workshopped to TOP MANCO, MANCO and all Council. Secondly the municipality has in the 2018/19 year incorporated fraud risks into the strategic and departmental risk register and has commenced with the process of ensuring that there is a separate fraud risk register for the 2018/2019 year which was duly completed in July 2018.

The municipality has also created an action plan to deal with fraud with the first step being dealing with fraud related issues that have arisen from public complaints resulting in investigations occurring in sections relating to hall hire.

The municipality has also ensured that in the current year (2018/2019) there is a dedicated budget set aside for fraud hotline, which is being initiated as a District wide initiative. Furthermore, an action plan is in progress to address all the challenges pertaining to fraud related issues.

ACTION PLAN FOR FRAUD AND ANTI-CORRUPTION ACTIVITIES

No	Item	Responsible Person	Resources Needed
1.	Delegation required for the CAE and the risk officer to perform functions relating to anti-fraud and anti-corruption activities - Achieved	Municipal Manager	None
2.	Conduct a fraud risk assessment process with staff and political leadership to update the existing fraud risk register and to amend for new areas identified as high risk – need progression	CAE/risk officer	External Service Provider / CoGTA
3.	Submit fraud risk register for CoGTA to review – achieved 2018	CAE/risk officer	KZN CoGTA
4.	Review the anti-fraud and corruption strategy – Achieved - strategy was taken to EXCO in September and made available to TOP MANCO in October 2018 – This was reviewed in 2018 and workshopped to councillors	CAE/ risk officer	None
5.	Submit reviewed anti-fraud and corruption strategy to CoGTA to review - pending	risk officer	KZN CoGTA
6.	Train and workshop all staff and political leadership – Pending	KZN CoGTA	KZN CoGTA

7.	Update fraud risk register based on strategies and information stemming from workshop – pending	risk officer	External Service Provider / CoGTA
8.	Advertise for panel for fraud consultants (2 consultants to perform fraud related activities) – Achieved however only 1 consultant appointed in August 2018	MM/CAE	None until forensic work is required
9.	Review all fraud related policies – The whistle blower policy is yet to be developed	risk officer	External Service Provider / CoGTA

Though there is no formal delegation on the matter of fraud and anti-corruption the CAE is taking responsibility of the matter as per the request of the Accounting Officer.

The Municipality identified some instances of fraud during the year. These instances of fraud were identified through the following means:

- Internal audit during their regulatory audit for quarter 2
- Written submissions from the public and cases opened up with the public
- Internal fraud or misrepresentation identified by the Accounting Officer and the risk management units

All instances of identified or suspected fraud was investigated either through internal mechanisms such as the internal audit, or the Municipal Public Accounts Committee or externally through appointed service providers.

The future plan is for staff within the risk unit to be trained on fraud and fraud related activities via a formalized training process so that there may be reduction is use of consultants and increase focus on fraud activities.

COMPONENT C: INTERNAL AUDIT

In terms of Section 62 (c) of the Municipal Finance Management Act no 56 of 2003 (MFMA), the Accounting Officer of a Municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—

(a) that the municipality has and maintains effective, efficient and transparent systems—

- (i) of financial and risk management and internal control; and
- (ii) of internal audit operating in accordance with any prescribed norms and standards;

Furthermore, Section 165 (1) of the MFMA, states that each municipality must have an internal audit unit.

Section 165 (2) states that the internal audit unit of a municipality must—

(a) prepare a risk-based audit plan and an internal audit program for each financial year;

(b) advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to—

- (i) internal audit;
- (ii) internal controls;
- (iii) accounting procedures and practices;
- (iv) risk and risk management;
- (v) performance management;
- (vi) loss control; and
- (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and
- (viii) Perform such other duties as may be assigned to it by the Accounting Officer.

Regulation 14 (1) (a) of the Local Government: Municipal Planning & Performance Management Regulations of 2001, prescribe that a municipality must develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes.

The Municipality had, within its Organizational structure, a dedicated internal audit unit in the 2018/19 year of assessment. Furthermore, the municipality has an independent audit committee with three (3) members of sufficient skills and experience to ensure adequate oversight over internal audit as well as municipal activities as a whole.

The 2018/19 year of assessment was a successful year for the internal audit unit with the following key achievements being noted:

- The first year in which internal audit plan was completed without any delays
- The first audit of technical services and grant spend
- The acknowledgement by governance structures such as Treasury and CoGTA on the strength of the internal audit unit and the ability of the internal audit unit to perform majority of audits in house
- The successful workshopping and review of the Internal Audit Charter
- The undertaking of four quarterly PMS assessments
- The reduction on the use of consultants for specific internal audit projects
- The successful support of MPAC for Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Furthermore, the internal audit unit had ensured that there was quarterly sitting of the audit committee as well as quarterly reports of the audit committee to council.

The internal audit unit also ensured that it complied with its statutory requirements of performing four quarterly audits as per the developed and approved internal audit plan and then tabling each quarterly report with follow ups to audit committee for consideration. The unit also successfully oversaw the development of the 2018/2019 internal audit plan which was approved by the audit committee on the 30th June 2018.

In regards to the 2018/19 scheduled audits the following key areas where reviewed and tabled to audit committee for consideration:

Reference	Audit Area	Year 1 2016/ 2017	Year 2 2017 / 2018	Year 3 2018 / 2019
LEGISLATED AUDITS				
LOSS CONTROL				
MFMA S165	Identification	Yearly		
	Recording			
	Investigation			
	Recovery			
	Smart Meters			
RISK MANAGEMENT				
MFMA S165	Testing of the MSCOA risk register	Yearly		
	Declarations by staff and councilors			
	Functioning of Risk Committee and review of the risk register			
	Testing of the annual internal audit plan for 2018/19			
	Delegation framework of all staff			
INTERNAL CONTROLS				
MFMA S165	Quarterly Dashboard monitoring and implementation	Yearly		
	Auditor General Action Plan monitoring and implementation			

Reference	Audit Area	Year 1 2016/ 2017	Year 2 2017 / 2018	Year 3 2018 / 2019
	Establishment and monitoring of compliance checklists per department			
ACCOUNTING PROCEDURES AND PRACTICES				
MFMA S165	Quarterly review of Annual Financial Statements (High level review)	Yearly		
	Review the irregular, fruitless and wasteful expenditure report			
PERFORMANCE MANAGEMENT SYSTEM (PMS)				
MFMA S165	Review the SDBIP, organizational scorecard, departmental scorecards, Section 57 Performance agreements to the Integrated Development Plan (IDP) for alignment	Yearly		
	• Review of entire PMS process for alignment to the PMS Framework and PMS Policy			
	• Quarterly Internal Audit reviews of PMS information after review by the PMS unit (Reports and Portfolio of Evidence files)			
AUDIT OF PREDETERMINED OBJECTIVES				

Reference	Audit Area	Year 1 2016/ 2017	Year 2 2017 / 2018	Year 3 2018 / 2019
MFMA S165	• Half yearly Internal Audit reviews of Predetermines objectives relating to service delivery projects as per the IDP	Yearly		
ANNUAL FINANCIAL STATEMENTS (AFS)				
MFMA S165	• Detailed Review of AFS prior to submission to the Audit Committee and Council.	Yearly		
PERFORMANCE REPORT				
MSA S45 (a) **MFMA S165 (2)**	• Detailed review of Performance Report prior to submission to Oversight bodies and Council.	Yearly		
ANNUAL REPORT				
MFMA S129	• Review of Annual Report prior to submission to Oversight bodies and Council.	Yearly		

Reference	Audit Area	Year 1 2016 / 2017	Year 2 2017 / 2018	Year 3 2018 / 2019
CYCLICAL AUDITS				
BUDGET AND TREASURY OFFICE				
• High level of municipal debt • Low Collection rates • AG Identification	Budget monitoring processes (review tariff setting models)		⮝	⮝
	Adjustment budget processes		☐	⮝
	Debt policy and Indigent Policy		⮝	⮝
	Test Debt pack system (Existence and Completeness)		⮝	⮝
	Indigent register	✸	✸	☐
	Write off procedures and value of debt written off		✸	☐
	Debtor reconciliation and alignment of debt pack and pastel reports.		⮝	☐
	Collection trends per sector (Business, government and household)		⮝	☐
	Service Level Agreement for Debt pack		⮝	☐
BANKING AND CASH MANAGEMENT				
• Cash misplaced	Safeguarding at cashiers office	✸	⮝	⮝

Reference	Audit Area	Year 1 2016 / 2017	Year 2 2017 / 2018	Year 3 2018 / 2019
• AG Identification	Investments committee formation and functioning	✸	⮝	⮝
	Bank and Cash Management	✸	⮝	⮝
	Bank Reconciliations	□	⮝	⮝
HUMAN RESOURCE				
• Organogram amended annually • Large number of displaced staff • Utilisation of automated leave system • Excessive overtime	Recruitment and Appointments Placements Terminations Leave Management Recruitment Policy and Scarce Skills Policy Overtime Management;	✸	□	⮝
SUPPLY CHAIN MANAGEMENT (SCM)				
• High Risk area • SCM identified for special focus by Audit Committee and management • AG Identification	Turnaround time for completion of procurement process (Ordering; Receiving process, Invoicing and Reconciliation) Turnaround time for completion of Tender process (demand,	□	⮝	□

Reference	Audit Area	Year 1 2016 / 2017	Year 2 2017 / 2018	Year 3 2018 / 2019
	acquisition, logistics, disposal, bid committees)			
	Planning(Procurement plan), Policy review and awareness			
	Contract and Project Management(Standard operating procedures, organogram and testing of high value and long term contracts)		✸□	⮝
	Contract and Project Management (Completeness of Contract register and supporting documentation)		✸□	⮝
	Review of supplier database (capturing, editing and approval of suppliers), performance monitoring of suppliers	□	⮝	□
	Review of supplier database (suppliers in service of the state, suppliers who are employees, blacklisted suppliers)			
	Creditor (including payments).			

Reference	Audit Area	Year 1 2016 / 2017	Year 2 2017 / 2018	Year 3 2018 / 2019
	Supplier return process and quality verification of goods and services received			
	Completeness of Supplier documents			
	SCM Deviation Process			
PAYROLL				
• AG Identification • Organogram amended annually • Job evaluation Process • Ghost employees identified in other municipalities	Safeguarding at payroll office(persons and documents)			
	Payroll process tested via the payday system(i.e. user testing, read/write access; master file amendments)			
	Review of payroll reconciliation from payday to pastel	✸	☐	⮝
	Subsistence and travel allowances compared to application of policy			
	Councilor’s Allowances.			
FRAUD AND ANTI-CORRUPTION				
	Test the formation of the fraud prevention plan and fraud response plan			

Reference	Audit Area	Year 1 2016 / 2017	Year 2 2017 / 2018	Year 3 2018 / 2019
• National Treasury initiative • COGTA priority area • Reducing the risk of fraudulent activities within the municipality	Review the fraud risk register			
	Review the process of acquiring or utilizing the fraud hotline		✸	⮝
	Review the formation of the whistle blower policy			
	Review the development of fraud prevention strategy to be adopted by council			
FIXED ASSET MANAGEMENT				
• AG Identification • Reducing reliance on service provider • Under capacitated unit	Fleet Management (contract management of leased vehicles);			
	Test read/write access to the Exodus system			
	Compliance with the fleet management policy and submission of exception reports relating to fuel, accidents and insurance)	⮝	□	✸
	Fixed Asset Register (Completeness)			
	Fixed Assets (Existence)			

Reference	**Audit Area**	**Year 1** **2016 / 2017**	**Year 2** **2017 / 2018**	**Year 3** **2018 / 2019**
	Repairs and Maintenance (Capitalisation versus Expenditure)			
	Warranty register (Completeness and Existence)			
	Formation of asset disposal committee and effectiveness of this committee			
	Review the controls for impairment testing of moveable and immovable assets			
	Fixed Asset Register reconciliation			
	Additions and Disposals			
REVENUE				
• AG Identification • Cross functional revenue amongst departments • Poor source document design	Traffic related revenue		□	
	Rates	□	⮝	
	Electricity	□	⮝	
	Waste and other income	✸	□	✸
	Hall Income	□	✸	
	Pool Income and Library income	□	⮝	
	Grants	✸	□	

Reference	Audit Area	Year 1 2016 / 2017	Year 2 2017 / 2018	Year 3 2018 / 2019
• Planning for automated electricity system • Change in management for revenue	EDP related revenue (signboards, building permits and fines)	□	⮝	
PROTECTION SERVICES				
• High risk audit • Traffic department application for regrading • Theft and loss of firearms	Firearms Audit		□	⮝
	Traffic and Licensing			
STAFF HOUSING				
• Outdated policy • Complaints of illegal occupation • Complaints by staff on non-provision of housing	Housing Policy	□✸	⮝	✸
	Valuation of houses aligned to fixed assets			
	Accuracy and Completeness of revenue			
	Staff benefits versus illegal occupation			
ECONOMIC DEVELOPMENT AND PLANNING				
	Review Marketing Strategy to market			□

Reference	Audit Area	Year 1 2016 / 2017	Year 2 2017 / 2018	Year 3 2018 / 2019
• New SPLUMA regulations	Mandeni as a tourism and investment hub			
• New housing regulations	Compliance with the Planning and Development Act			
• New business licenses regulations	Compliance with National Building Regulations			
	Compliance with SPLUMA			
MSCOA				
• National Treasury Requirement	Review the implementation of MSCOA processes on 01 July 2018			
• Implementation of MSCOA • Take on balances	Review Contract of Service Provider to determine if all contractual obligations fulfilled			
• Transactional audits	Test take on balances of assets from MAMS system to the new asset management system		✸	☐
	Perform substantive testing on each of the 15 streams to determine accuracy of posting			
PROJECT ASSURANCE				
• Delays in project delivery	Intergration of the Capital Work in Progress register to ensure that		✸	☐

Reference	Audit Area	Year 1 2016 / 2017	Year 2 2017 / 2018	Year 3 2018 / 2019
resulting in project slips and excessive costs • Community unrests	manipulation of data is mitigated and controlled			
	Stratification of Capital work in progress projects by relevant status			
	E.g. Feasibility, execution, completion, commissioning, on hold etc.			
	Analytical procedures to assess instances where project spend is not in accordance with actual project milestones			
	Physical inspection of 2 projects (Project selection to be based on numerous factors such as the value, period outstanding, IDP significance and community interest)			
	Based on the projects selected, the following high level approach to be followed			
	Comparison of actual status against reported status (Assessment of reporting at various levels including council)			

Reference	Audit Area	Year 1 2016 / 2017	Year 2 2017 / 2018	Year 3 2018 / 2019
	Deep dive assessment into reasons for project not meeting schedule			
	Integrated root cause analysis workshops to understand and document the reasons for project slips			
	Assessment of the nature of the project management function (Outsourced EPCM vs In-house Project Management Personnel)			
FOLLOW UP				
	Follow up on previous Internal Audit reports	⮝	⮝	⮝
	Follow up Auditor General's management report			

Notes:

✸ ***Design and Implementation***

- Reviews will consist of mapping the selected audit area at a sub process level.
- Process analysis documentation will be developed according to input, process/activity and output.
- Each activity will be reviewed to assess purpose, capacity; functionality (manual or automated); personnel involved and related timeframes for performance.

Reference	Audit Area	Year 1	Year 2	Year 3
		2016 / 2017	2017 / 2018	2018 / 2019

- Controls within each activity will be identified and rated as either high, medium, low.
- Key controls will be illustrated to assess design effectiveness with duplicate and /or redundant controls being noted.
- Joint recommendations by Internal audit and management will be made where no control exist (i.e. control gaps), process improvements or opportunities exist of where duplicate/redundant controls have been noted.
- Walk through testing on a sample of one, will be performed on the key controls to confirm control existence.
- Management will be presented with the process analysis document and management custodians will thereafter be required to maintain this document on an ongoing basis

❑ ***Operating Effectiveness***

- Detailed testing on a sample basis will be performed based on process analysis document per the Design and Implementation.

⮝ ***Follow up review***

- Sample testing performed on controls deficiencies identified in the Operating Effectiveness review.

COMPONENT D: AUDIT AND PERFORMANCE AUDIT COMMITTEE

File Reference:	Author	: Hopewell Mpungose
Report Number:	Designation	: Chairperson of the Audit Committee
	-	

SUBJECT: AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2019

DATE: 15 DECEMBER 2019

1. Legislative requirements

The purpose of this report is to communicate to the Council of Mandeni Municipality the outcome of the work done by the Audit Committee during the financial year ended 30 June 2019 as prescribed by section 166 of the Municipal Finance Act No. 56 of 2003, as amended ("the MFMA"), read with circular 65 published by the National Treasury and regulation 14(2)(a) of the Municipal Planning and Performance Management Regulations of 2001.

The MFMA obliges every municipality to establish an independent audit committee, which must advise the municipal council, political office-bearers, accounting officer and management staff of the municipality as well as the accounting officer and the management staff of the municipal entity, on matters relating to internal financial controls and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation, and any other issues referred to it by the municipality.

The audit committee is governed by formal terms of reference, which are regularly reviewed and approved by the council. The committee is pleased to present its report for the financial year ended 30 June 2019.

2. Audit committee's responsibility

The audit committee has complied with its responsibilities arising from section 166 of the MFMA read with MFMA Circular 65, and reports that it operated in terms of the audit committee charter read in conjunction with the internal audit charter.

3. Audit committee members and attendance

The audit committee was established in accordance with section 166 of the MFMA read with MFMA Circular 65 issued by the National Treasury. The audit committee charter requires that the audit committee comprises a minimum of three (3) members, who are appropriately qualified, financially literate and independent of management, Council or any member of the Council.

The audit committee comprises four members, including the chairperson. In terms of section 166(4)(b) of the MFMA, the audit committee must meet at least four (4) times a year. During the financial year ended 30 June 2019, the audit committee met on five (5) occasions.

The table below shows the attendance of these meetings:

Name	Date appointed	Date Resigned	Meetings held	Meetings attended
Mr H Mpungose (Chairperson)	27 March 2019	-	3	3
Ms K Sewnarain	27 March 2019	-	3	2
Mr BP Mngadi	27 March 2019	-	3	2
Mr M Makhunga	27 March 2019	-	3	2
Ms C Jugnarayan	XXXXX	XXXXX	2	2
Mr S Nkosana	XXXXX	XXXXX	2	1
Ms S Rajah	XXXXX	XXXXX	2	1

The members of the audit committee held meetings with the municipal manager as the accounting officer, senior management of the municipality, the internal audit function and the external auditors, collectively and individually, on matters related to governance, internal control and risk in the municipality, throughout the reporting period. The committee also held meetings with the honourable mayor and the executive committee of the council to report on governance, internal control, risk, performance and financial information and other relevant matters concerning the municipality.

4. Effectiveness of internal control

The audit committee acknowledges management's efforts to strengthen internal controls within the municipality. The audit committee is concerned that in certain instances the matters previously reported by the external auditors and the internal audit function have not been fully and satisfactorily addressed. Management has given assurance that effective corrective action will be implemented in respect of all internal control weaknesses, and the audit committee will monitor these going forward.

Due to the strategic importance of, and investment in, the modernisation of information and communication technology (ICT) in the municipality, the audit committee remains concerned that not all ICT risks are being addressed or mitigated, in implementing the new systems.

5. The quality of monthly and quarterly reports submitted in terms of the MFMA and DORA

With the exception of the improvements recommended by the audit committee, the committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued during the year under review.

The audit committee has reviewed the reports issued to National Treasury and the Transferring Officer in terms of the Division of Revenue Act and is comfortable that the Municipality is meeting its obligation in terms of DORA and has recognised revenue as prescribed by legislation.

The audit committee has reviewed and commented on the municipality's annual financial statements and report on performance information submitted to the external auditors by 31 August 2019.

The audit committee has recommended that the municipality prepare interim financial statements that comply with Standards of Generally Recognised Accounting Practice (GRAP), which could assist in performing reconciliations timeously as well as in eliminating year-end adjustments.

The audit committee has also engaged with management on how to remedy shortcomings, especially relating to the reports on performance against predetermined objectives to ensure that the information reported is both useful and reliable in terms of the applicable reporting framework.

6. Internal audit function

The accounting officer is obliged, in terms of section 165 of the MFMA, to ensure that the entity has a system of internal audit under the control and direction of the audit committee.

Council should ensure that a fully capacitated internal audit function is in place. Currently a shortage of two staff members exist within this unit. Unabated, this will result in poor quality work being delivered by the unit and the inability to complete work expected from them.

In terms of the risk-based audit plan approved by the audit committee for the year under review, the internal audit function has performed 12 of the 15 planned engagements, with the others being postponed due to capacity constraints within the internal audit function. Further-more the internal audit does not have sufficient time to perform the follow up reviews and adhoc projects when a need arises.

In the prior financial periods, the internal audit capacity was enhanced through co-sourcing parts of the internal audit function.

The audit committee therefore recommends the co-sourcing model for the internal audit function since it provides the necessary capacity in the form of skills and agility required by the function to respond quickly and effectively to the demands for internal audit across the municipality.

The internal audit function found that the control environment as a whole was effective; however, some specific control weaknesses were identified in asset management, procurement and revenue management, for which recommendations were made for improvement.

7. Risk management function

The audit committee is responsible for the oversight of the risk management function. The risk management committee reports to the audit committee on the municipality's management of risk.

The audit committee is concerned with the risk function being inadequately resourced, as this affects adversely the implementation of the risk management strategy. The committee has reviewed the risk register and the reports from the risk committee.

8. Evaluation of the finance function

As the chief financial officer was only appointed on 01 March 20, the finance function could not perform at its optimal capacity with the vacuum that existed in the leadership. Prior to the appointment of the chief financial officer, there was a huge strain on the finance function to deliver quality information on a timely basis.

On the whole, the audit committee is satisfied with the municipality's finance function during the year under review.

9. Performance management

Part of the responsibilities of the audit committee includes the review of performance management. The audit committee has in terms of the performance of the municipality performed the following functions:

- Review and comment on compliance with statutory requirements and performance management best practices and standards.
- Review and comment on the alignment of the integrated development plan, budget, service delivery and budget implementation plan and performance agreements.
- Review and comment on the relevance of indicators to ensure that they are measurable and relate to services performed by the municipality.
- Review of compliance with in-year reporting requirements.
- Review of the quarterly performance reports submitted by the internal audit function.
- Review and comment on the municipality's performance management system and making recommendations for its improvement.

With the exception of the findings raised by the external auditors and the internal audit function, the audit committee is satisfied that the performance report has been prepared in terms of the MFMA, MSA and the related Regulations.

10.Fraud and irregular activities

During the period under review, no forensic investigations were performed internally and therefore no reports were submitted to the audit committee for consideration. At the date of this report, the committee was awaiting the outcome and report of the forensic audit which was conducted by COGTA.

The unit has emphasised fruitless and wasteful expenditure, irregular expenditure and supply chain management deviations. The investigations also included instances of non-compliance with supply chain management regulation 44, which prohibits officials employed by the state from doing business with the municipality. One significant area that requires improvement is for management to effectively implement appropriate recourse and mitigation actions based on the outcomes of investigations, as required by sections 32, 171, 172 and 173 of the MFMA.

11. Evaluation of the annual financial statements

The audit committee has reviewed the annual financial statements, which focused on the following:

- Significant financial reporting judgements and estimates contained in the annual financial statements.
- Clarity and completeness of disclosures and whether disclosures made have been set properly in context.
- Quality and acceptability of, and any changes in, accounting policies and practices.
- Compliance with accounting standards and legal requirements.
- Significant adjustments and/or unadjusted differences resulting from the audit.
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted.
- Reasons for major year-on-year fluctuations.
- Asset valuations and revaluations.
- Calculation and levels of general and specific provisions.
- Write-offs and reserve transfers.
- The basis for the going concern assumption, including any financial sustainability risks and issues.

Except for the matters reported by the external auditors in their report, the audit committee is comfortable that the annual financial statements have been prepared in terms of GRAP and the MFMA.

12.External auditor's report

The audit committee accepts the conclusion and audit opinion of the external auditors on the annual financial statements of the municipality. The committee is of the view that the audited financial statements be accepted and read together with the report of the external auditors. The audit committee confirms that it has been adequately appraised of the issues giving rise to the audit opinion.

The audit committee also accepts the findings on the reported performance information and compliance with legislation. The committee is comfortable that given the implementation of effective and efficient controls, these matters could be adequately dealt with in future periods.

The external audit function performed by the Auditor General South Africa is independent of the entity. The auditor general presented and discussed their report with the committee to ensure that there are no unresolved issues.

On behalf of the audit and risk committee:

Mr. Hopewell Mpungose
Chairperson
Mandeni Municipal Audit Committee
15 December 2019

COMPONENT E: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The provision of Section 79 (1) (a) and (b) of the Municipal Structures Act (of 1998) stipulates that the municipality must establish an oversight committee that will oversee the executive functionaries of the municipal management on behalf of its Council. The Municipal Accounts Committee operates as a subcommittee of Council.

The Municipality has in the 2018/19 year of assessment dedicated an individual to co-ordinate the function of MPAC under the management of the Chief Audit Executive. This individual has been ably guided by the MPAC charter and other legislation in respect of the functions of the MPAC. MPAC has been provided with this individual in order for them to be assisted in terms of minutes taking, meeting preparation, agendas, member’s invitation, liaison with Cogta and national treasury in terms of the MPAC duty requirements and any other functions as requested by the MPAC Chairperson.

The Internal Audit has also been actively involved as a support structure and advisory body of the MPAC through the Chief Audit Executive and MPAC Officer. Each and every high-level report was discussed with the Internal Audit unit to ensure that the MPAC gets a clear picture when looking at the issues during their meetings in order to ensure that the purpose of oversight is not compromised by the lack understanding.

During the 2018/19 year the Council has reviewed and adopted the MPAC Charter and the Oversight process plan, the oversight process plan is reviewed yearly due to the fact that the process timeline changes every year.

Furthermore, the oversight process has been a huge success considering the fact that it was done by newly appointed member of the 04 August 2018 Council. This was facilitated by the fact that an induction process was appropriately done the moment the new members were elected and a couple of short sessions in a form of trainings were provided by the Internal Audit Unit under the supervision of the Chief Audit Executive.

MPAC CHARTER

The Municipal Public Accounts Committee of Mandeni Municipality is guided by its Charter which was approved by Council. The charter is in line with what the Municipal Structures Act and the Finance Management Act requires the MPAC to focus on. The key focus points are heighted below.

Amongst other duties the MPAC is required;

a) To examine the Financial Statements and audit report of the municipality and municipal entities, and in doing so the MPAC must consider improvements form previous statements and reports and must evaluate the extent to which the Performance, Risk and Audit Committee and the Auditor General's recommendations have been implemented;

b) To recommend or undertake any investigation in the area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Performance Risk and Audit Committee.

c) In the Financial the MPAC should interrogate the following financial aspects addressed in the Municipal Finance Management Act;

(i) Unforeseen and unavoidable expenditure (Section29)

- Any unforeseen and unavoidable expenditure must be reported to MPAC
- Proof of the necessary appropriation in an adjustment budget
- The MPAC must consider the expenditure and make recommendation to Council.

(ii) Unauthorized, irregular or fruitless and wasteful expenditure (section 32)

- Any unauthorized, irregular or fruitless and wasteful expenditure by Council, the executive Mayor/Mayor, executive committee or any other political office bearer of the municipality must also be reported to the MPAC;
- The municipal manager must report to MPAC on all steps taken to either authorize or rectify the payment or to recover or write off the expenditure;
- The municipal manager must report on whether any criminal action was instituted in this regard; and

The MPAC must report to Council on the appropriateness of the criminal or civil steps taken and report where no further action was taken and why.

MPAC REPORT TO COUNCIL FOR YEAR ENDED 30 JUNE 2019

INTRODUCTION

The MPAC was elected in 2016 and was in its second year of operation. There were numerous hurdles faced by the MPAC due to issues of training and capacity. Furthermore, all members of MPAC were new and hence this led to loss of institutional and process knowledge.

During the year, focus was placed on financial viability as well as issues of performing oversight over Unathorised, irregular, Fruitless and Wasteful Expenditure. In this regard, MPAC was trained on 3 occasions, which was then extended to full council and management on areas of S32 MFMA as well as areas of UIFW identification and resolution.

During the period MPAC tabled three UIFW reports to council as well as 2 reports namely mid-term and year end to March the MPAC

During January, MPAC will also be busy with the review of the 2018/19 Annual Report and several community engagements in order to prepare an Oversight Report. The Oversight Report will finalized and tabled to Council in at the end of March 2020 and will be adopted by council and made public to the community.

EXTRACTS FROM MPAC REPORT TO COUNCIL

MPAC OVERSIGHT PROCESS

INTRODUCTION

MPAC developed a process plan for oversight preparation process during the quarter 3 January 2020 to 31 March 2020. The process plan will be reviewed and adopted by Council before it is used. Below is the process plan in full detail;

Date	Reason	Responsible People	Structure
Done during period 2013	**council establishes the MPAC/Oversight Committee**	**Council**	**Council**
25th January 2020	**Council resolution to adopt annual report**	**PMS Manager**	**Council**
30th January 2020	**Council resolution for MPAC to investigate fruitless, wasteful and irregular expenditure (Resolution C59)**	**Council**	**Council**
30th January 2020	**Hand-over of Annual Report to MPAC and internal audit**	**PMS Manager handover to internal audit unit and Cllr N.T Shandu**	**None**
30th January 2020	**Draft Annual report copies given to AG and COGTA after consideration of comments from council**	**PMS Manager**	**None**
31st January 2020	**Draft advert prepared for submission to MM for public and stakeholder hearings**	**PMS Manager and T. Fakir**	**None**
02nd February 2020	**Actual advertisement in Isolezwe and Mercury for**	**PMS Manager and T. Fakir**	**None**

	annual report and MPAC hearings		
01st February 2020	First meeting of MPAC on annual report and to investigate fruitless, wasteful and irregular expenditure	D.Mbonambi and MPAC	Special MPAC meeting
16th and 19th February 2020	Loudhailing and invites for MPAC Public hearing	D. Mbonambi and	None
21st February 2020	Meeting with Public and Stakeholders 11 am	MPAC Chairperson and MPAC Committee	none
06th March 2020	Meeting with MPAC for Oversight report	MPAC Chairperson and MPAC Committee	None
08th and 09th March 2020	Meeting with MPAC for UIFW and for preparation for meeting with management	MPAC Chairperson and MPAC Committee	None
16th March 2020	Meeting with MPAC and Management 8 am	MPAC Chairperson and MPAC Committee	TOP MANCO
15th March 2020	Incorporation of AG and COGTA comments into oversight report	MPAC Chairperson and MPAC Committee and Internal Audit	TOP MANCO
21st March 2020	Final Preparation of MPAC report on annual report	Mbonambi and MPAC	Special MPAC to finalise oversight report
22nd March 2020	Summary on investigations undertake	Mbonambi and MPAC	none
29th March 2020	Tabling of oversight report to Council	Cllr T.P Shandu	Council meeting
29th March 2020	Advertising Adopted Oversight report for inspection	PMS Manager	None
29th March 2020	Submit Oversight report to AG, COGTA and KZN Provincial Treasury	PMS Manager	None
03rd April 2020	Submit Minutes of Council meeting adopting Oversight Report to Auditor General, COGTA and Treasury	PMS Manager	Council

Based on the outcome of the Oversight Process the Annual Report and the public hearings and meetings with the management the Oversight Report was adopted by council. See municipal website for adopted oversight report.

COMPONENT F: SUPPLY CHAIN MANAGEMENT

OVERVIEW: SUPPLY CHAIN MANAGEMENT

Supply Chain Management operates within the parameters set down by the constitution and is supported by the different legislative mandates which are mainly the following:

- Municipal Finance Management Act 56 of 2003
- Broad Based Black Economic Empowerment Act 53 of 2003
- Preferential Procurement Policy Framework Act 5 of 2000
- Construction Industry Development Board Act 38 of 2000
- National Treasury Supply Chain Management Regulations
- National/Provincial Treasury SCM Practice Notes and Circulars
- Supply Chain Management Policy of Mandeni Municipality

Supply Chain Management Unit operates directly under the supervision of the Chief Financial Officer, Ms N.M. Mngomezulu.

BIDS AWARD REGISTER 2018/19

BID NO.	BID DESCRIPTION	AWARDED BIDDER	AMOUNT
12/18/19	Lease of Vehicle, Plant and Equipment for waste collection	Isichaka Esingenamona CC	R5,125,468.80
04/18/19	Fencing of Mandeni Library	Zhemvelo Enterprise	R 533 952.10
05/18/19	Upgrade of Inembe Road	Jamjo Civils	R15,628 657.55
06/18/19	Thulas Eziwewe Electrification	Burlington Electrification	R2,182 802.00
07/18/19	Khenana Electrification	Uptown Trading	R1,566.488.72
08/18/19	Panel of 5 to Supply and deliver of stuff uniforms	Panel of 5 service Providers	R1,100.000.00
09/18/19	Construction of Access Road NO P459	Barleda 232 Thekeweni Civils	R6,397.674.26
10/18/19	Hygiene Services	Bidvest Steiner	R354,294.71
11/18/19	Fire Brigade services	Rural Metro	R12 160 380.00
11/18/19	Single Land Use Management scheme for Mandeni Municipality	Blackbakace projects	R6 397 674.26

In terms of the irregular, wasteful and fruitless expenditure for 2018/19 financial year totaled to amount of R 3 236 612.37 was reported. The total amount that was reported in terms of section 36 of the SCM policy and SCM regulations for 2018/19 financial year is R 204 521.25

Name of the Bidder	Description	Reason	Status
Simonyo Catering	Catering	Due to and error on the Sage System, where requisition 033012 was not reflecting on the Sage System. This was the System's error. Requisition was raised on time.	Due to time constraints, Simonyo was the only company available.
Nembe MacambiniTaxi Association	Providing transport	Due to the fact that the service provider of the taxi being the sole provider, SCM processes could not be engaged. Hence, the need to deviate, 14 taxi's transported learners from 9 schools to libraries on Literacy Day celebration held at isithebe community hall on the 18/09/2019.	
Busy Corner Group Pty Ltd	Sound system	Late requisition for council meeting held at Sibusiswe Hall on 27/08/19	
Nandos	Catering	Budget votes of the unit were not appearing, hence the delay in the requisition process also due to power outages.	
Nembe MacambiniTaxi Association	Providing transport	Due to the fact that the Service Provider of the taxi being the sole provider, SCM processes could not be engaged hence the need to deviate. 14 taxi's transported community members from ward 7. 13,14 and 15 to IDP meeting held at Sibusisiwe Hall on 20/10/19	
Nembe MacambiniTaxi Association	Providing transport	Due to the fact that the Service Provider of the taxi being the sole provider, SCM processes could not be engaged hence the need to deviate. 16 taxi's transported community members from ward 6,10,11,12,16,17,18 to IDP meeting held at Msundusi Hall on 24/10/19	
Bhekamaqwabe Trading enterprise Pty Ltd	Sound system	PA system with mike stand and 2 moving mike used in Khenan Area Isitebe for project Launch for Nyonyi Phase 3 and 4	

2.6. BY-LAWS

The municipality is in the process to develop and review all bylaws and the process further ensured the involvement of Ward Committees and other Community stakeholders as a way of obtaining inputs from members of the community and creating awareness on communities about the Municipal Bylaws and the implications thereof on non-adherence. At the end of the financial year under review, the bylaws were still under the approval process.

By-laws Introduced during Year 2015/16					
Newly Developed	**Revised**	**Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)**	**Dates of Public Participation**	**By-Laws Gazetted* (Yes/No)**	**Date of Publication**
CORPORATE GOVERNANCE					
	Council Standing Rules and Orders By-laws	Yes	Notice in Isolezwe 23/02/17 Stanger Weekly 01/03/17 and notice boards	Yes	20 April 2018
COMMUNITY SERVICES AND PUBLIC SAFETY					
DRAFT WASTE MANAGEMENT MODEL BY-LAW		YES	18/09/2016	NO	N/A
	DRAFT CEMETERY AND CREMATORIA BY-LAW	YES	18/09/2016	NO	N/A
DRAFT GATHERING BY-LAW		YES	18/09/2016	NO	N/A
DRAFT OPEN SPACE BY-LAW		YES	18/09/2016	NO	N/A
	FIRE AND EMERGENCY MANAGEMENT BY-LAW	YES	18/09/2016	NO	N/A
DRAFT DISASTER RELIEF BY-LAW		YES	18/09/2016	NO	N/A
	DRAFT KEEPING OF ANIMALS BY-LAW	YES	18/09/2016	NO	N/A
	DRAFT HIRING OF COMMUNITY FACILITIES BY-LAW	YES	18/09/2016	NO	N/A

2.7. WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	**Yes / No**	**Publishing Date**

2018/19 Organisational Scorecard	Yes	06 March 2019
2017/18 Draft Annual Report	Yes	25 January 2019
Intention to award: Supply and Deliver Staff Uniform	Yes	28 May 2019
2018/19 Spatial Development Framework (SDF)	Yes	15 June 2018.
Intention to Award: Development of a Single Land use Management Scheme	Yes	20 May 2019
Annual budget 2018/19 (KZN 291): Mandeni Municipality	Yes	06 June 2018
MPAC Oversight Report	Yes	18 May 2019
Intention to Dispose Municipal Property	Yes	05 March 2019

CHAPTER 3

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SERVICE DELIVERY PERFORMANCE

(PERFORMANCE REPORT PART I)

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

(PERFORMANCE REPORT PART I)

COMPONENT A: BASIC SERVICES

In the 2018/19 financial year, Mandeni Municipality rendered infrastructural development projects. The municipality is discharged with a responsibility to provide basic services to the community within its jurisdiction amongst others are the provision of Low-Cost Houses, electrification and roads in partnership with the Department of Human Settlements and Eskom.

The Mandeni Local Municipality has control over providing basic services relating to refuse collection and disposal, access roads and associated storm-water management and housing.

The iLembe District Municipality is the Water Services Authority and Provider for the Mandeni Municipal Area of Jurisdiction and therefore are in control of the water and sanitation services provision within Mandeni.

The Mandeni Local Municipality has a license to distribute electricity within the Mandini Suburb (ward 03) only and there are no backlogs or indigent households in this licensed area. The remaining areas within the municipality are supplied by Eskom who has the license to distribute electricity in those areas. All the Municipal backlogs relating to basic electricity services are within Eskom's license area of jurisdiction. The Municipality is intervening in the electrification backlog eradication through the Integrated National Electrification Programme (INEP) grant under schedule 5B of the Division of Revenue Act (DoRA) managed by the Department of Energy (DoE).

3.1. WATER PROVISION

The Constitution of the Republic of South Africa, 1996 assigns the responsibility of ensuring access to water services to Local Government. Furthermore, the Water Services Act, 1997 entrusts the municipality with the provision of affordable, efficient on-going water services which is sustainable.

In terms of section 84 of the Local Government: Municipal Structures Act, 117 of 1998 the function of providing water and sanitation services within the Mandeni Local Municipality is a function given to the iLembe District municipality (IDM).

The Tugela River which is also the largest river in the KwaZulu-Natal Province and second largest river in South Africa traverses the Mandeni Local Municipality and terminates at Tugela Mouth still within the Mandeni Local Municipality Jurisdiction. This river catchment is the primary source of raw water for the area. The IDM extracts 40 million litres of water from the Tugela River daily for treatment and distribution to the local communities and businesses. The IDM has planned and is in the process of implementing major water schemes such as the Ndulinde and Macambini Water Schemes which will serve those communities with a reliable supply of water extracted from the Tugela River. These schemes once complete will ensure water security for the area into the future.

The IDM has further partnered with the Umgeni Water Board to plan and establish regional bulk water scheme known as the lower Tugela Bulk Water Supply Scheme (LTBWSS) which will see the extraction of 110 million litres of water per day from the Tugela River to supply the southern parts of the Mandeni and the iLembe Region including parts of the eThekwini Municipality. Currently phase 1 of the LTBWSS is under construction for 55 million litres per day extraction, purification and transportation.

3.2 WASTE WATER (SANITATION) PROVISION

The Constitution of the Republic of South Africa, 1996 assigns the responsibility of ensuring access to water services to Local Government. Furthermore, the Water Services Act, 1997 entrusts the municipality with the provision of affordable, efficient on-going water services which is sustainable.

In terms of section 84 of the Local Government: Municipal Structures Act, 117 of 1998 the function of providing water and sanitation services within the Mandeni Local Municipality is a function of the iLembe District municipality (IDM).

The IDM provides full water borne sanitation services to the urban areas and these are supported by the Sundumbili, Mandini and Tugela Waste water treatment plants.

All other rural areas are serviced by VIP toilets. Some isolated areas of settlement have

conservancy tanks or soak pits such as the Tugela Beach area.

The Municipality under the year in review ensured 3 Water and Sanitation Reports was submitted to the Infrastructure Development and Technical Services Committee meeting by collating information sourced from the District municipality (ILembe).

3.3 ELECTRICITY

The Mandeni Municipality has a very small license area for electricity distribution (Mandini Suburb in ward 3). The rest of the area is supplied by Eskom.

The municipality and Eskom are guided by the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006 in carrying out their function.
Under the year in review the Mandeni Municipality in respects to the provision of electricity managed to accomplish the following;

- Completed electricity and energized connections (dry connections) for 328 households to reduce electrification backlogs in ward 8.
- Completed Installation of 487 New Streetlights in various wards within Mandeni. However, the target was 540, theft of materials in cluster 1 and 2, and the contractor repeatedly had to redo work that was already done, this caused a delay in meeting the deadline of the project.
- On-going electricity repairs and maintenance are being carried out on municipal buildings and facilities.
- Convened one (1) Energy Forum meetings for the 2018/19 FY. The municipality also managed to host the Energy Forum where all matters regarding electrification were discussed positively and the members of the forum were able to overcome some of the challenges.
- The municipality managed to replace the RMU in ward 3 on the 27th of June 2019. This ensured that replacement took place before the wearing off of the old transformer to allow for an effective service delivery.

3.4. WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

During the period under review, a budget amount of R 6 million was made available to implement Waste Management Services.

While other resources provided, such as waste trucks and waste skips were inadequate, however, the Unit managed to collect waste effectively. Save it that in the first week of September 2019 a hiccup was experienced due to the delay in the renewal of licence discs of waste trucks.

But, on the positive side, the Unit managed to increase its kerb collection from 4910 households and business. This is due to the increase of customers which is a positive contribution to the local economy and the municipal tax base.

Also, the sustained communal waste collection of 21096 households means that the municipal waste collection rate has increased beyond 39.1% stated in the 2016 STATSSA Community Survey Report. And this figure has also been confirmed by the Office of the Audit General in its 2018/19 audit report

3.4.1 CHALLENGES

The following are some of the challenges that the Municipality faces in terms of effective compliance with legislative prescripts regulating waste collection.

3.4.1.1. NON-AVAILABILITY OF WASTE TRANSFER STATION AND/OR LANDFILL FACILITIES

Due to access to a suitable land to develop a waste transfer station and/or a landfill site, this is causing the Municipality to incur huge waste transportation and disposal costs as each waste truck has to make at least 160 kms to and from King Cetshwayo District Municipality disposal site in Empangeni to dispose waste.

Also, the wear and tear costs of the trucks are increasing due to this long distance that they have to the travel daily and weekly.

3.4.1.2. ILLEGAL DUMPING OF DOMESTIC AND GARDEN WASTE

This is one of the challenge being experienced mainly due to the non-availability of a transfer station and/or landfill facilities which makes it difficult to enforce by-laws.

Secondly, the lack of financial resources to procure vehicle and equipment to deal with illegal dumping is also a set-back in terms of the upkeep of the municipal areas.

3.4.1.3. POLLUTION OF NATURAL RESOURCES

Notwithstanding concerted effort to manage waste effectively, however, as long as the members of the community are not taking the responsibility water, soil, cur, etc will continue to be polluted.

3.4.2. PROPOSED SOLUTIONS

The possible solutions to the abovementioned and other related challenges are dependent on lobbying and mobilizing resources from other organs of state as well as the private sector and non-government sector.

3.4.2.1. LAND ACQUISITION FOR DEVELOPMENT OF WASTE TRANSFER STATION AND/OR LANDFILL FACILITIES

It is necessary that the Department of Rural Development and Land Affairs and Ilembe District Municipality be approached to assist with the identifying and making available a suitable land for this purpose.

It also points to mobilizing funding sources within the National Department of Environmental Affairs to develop such facilities.

In fact, both the Rural Development and Land Affairs Department and the District Municipality were approached subsequent to the Executive Committee having made such a decision in December 2018.

It is noteworthy that the District Municipality through the Vuthela Programme/Project has embarked on a feasibility study to develop a regional landfill facility which will assist the municipality to disposal costs.

Also, the District Municipality has committee to assist the Municipality with the review of its integrated Waste Management Plan (IWMP) which is a compliance issue in terms of Section 11 of the NEM : Waste Management Act, 2008 (Act No. 59 of 2008).

3.4.2.2. PROVISION OF FINANCIAL RESOURCES

It will be necessary that as the Municipality improves its debt collection, and/or identifying other funding sources, consideration be given to provide funding for procurement of vehicles plant and equipment to deal with illegally dumped waste.

3.4.2.3. REINFORCEMENT OF COMMUNITY EDUCATION AND AWARENESS CAMPAIGN

The implementation of Youth Jobs in Waste Management Programme by the National Department of Environmental Affairs from April 2014 to 31 October 2018 assisted a great deal to educate and make community members aware of the negative effects of disposing waste illegally and irresponsibly.

As a result of lack of adequate resources to reinforce community education and awareness campaigns, the Department of Environmental Affairs will be approached to ascertain if such a Programme can be re-introduced in the same or similar form.

In the meantime, ward campaigns will be done continuously also as part of Back-to-Basic and Thuma Mina Campaigns.

WASTE KERB COLLECTION

- The annual waste Collection target of 4431 households (including residential and business premises) was over achieved by 4910.

COMMERCIAL WASTE COLLECTION

- Due to a large area of the municipality being rural and the fact that the Municipality is entrusted with ensuring that it promotes a healthy and safe environment for its community, it (municipality) reaches out to rural community by providing waste skips which are placed in strategic positions so as to ensure that each skip services as many as two hundred (200) households.

  In March 2016 the Executive Committee approved that weekly waste collection be expanded by way of piloting it at greater Isithebe wards namely wards 10,11,12,16,17 and 18 Additional skips were provided to these areas thereby increasing the number of households from serviced by waste skips fro 16 000 to 21 600. That is, 200 households multiplied by 108 waste skips. This attributes to 68% of formal households having access to waste collection which increases the percentage rate from 27,5% according to 2011 states Census Report.

3.5 HOUSING

The municipality in partnership with the Department of Human Settlements has been continuously delivering low cost houses through RDP Programme in both Urban and Rural areas of Mandeni.

HOUSING DEVELOPMENTS

- The municipality during the Financial Year under review had only 4 housing projects that were under construction being Mathonsi Sundumbili Phase 2 (Ward 5, 10 and 12), Inyoni Housing (Ward 3, 7, 10, 11, 12, 13, 14, 15,16, 17and 18), Macambini Housing Project (Ward 1, 2, 8 and 9) and Isithebe Rural Housing Project (Ward 11, 12, 16, 17 and 18) has commenced construction of Phase 1 since these were the only funded projects by the Department of Human Settlements (DoHS) during the 2018/19 financial year. A lot of progress was registered during the financial year under review in the various housing projects which is further detailed below:
- **Mathonsi Sundumbili Phase 2:** A total number of 988 houses were completed during the financial year under review out of a total number of 1000 of housing units which were projected for this project. This then equates to an 98.8 % completion rate of the project. The project is currently put on hold now to resolve the challenges of unsuitable sites for construction as some are water-locked with others having insufficient space to accommodate housing units. Only 12 sites are left with challenges. Way forward is to monitoring progress, possibly extend program or reduce yield once discussed and agreed with stakeholders regarding the remaining 12 beneficiaries.

- **Inyoni Housing Project:** This Housing project is currently in progress. Phase 02 and 03 construction is ongoing for approved beneficiaries for ward 3, 7, 10,11, 12,13, 14, 15, 16, 17 and 18. Total number of 1640 slabs was completed; 1585 wall plates completed, 1487 roof structures and 811 completions were done in the month of June 2019. The process of the infill's of beneficiaries on subsidy administration for Ward 10 and 16 has been

- successfully been completed in July. Implementing Agent has submitted some of the application packs to the Department of Human Settlements for processing the approval of the applied beneficiaries. Mandeni Municipality still on the engagements with the process of the beneficiaries on subsidy administration.
- **Isikhonyane Housing:** The Implementing Agent is still in the process of finalizing the close-out report for this project.
- **Isithebe Rural housing:** A total of 1889 beneficiaries have been registered and 1705 (90%) beneficiaries have been approved by the Department of Human settlements and 114 applications still awaiting approval and 07 applications rejected by the Department for various reasons raised from pending information or beneficiaries not qualifying. The project has been approved for 300 units for Phase 1 of the project (300 out of 2000 units) by Department of Human Settlements this financial year. The construction of houses has commenced for 300 units and expected to complete by end of February 2019.
- **Macambini Housing Project (Ward 1, 2, 8 and 9):** This housing project is completed for Phase 01(500 out of 2000 units) and Phase 2 (500 out of 2000). All housing units have been formally handed over to the approved beneficiaries for occupancy. Phase 03 of the project has been approved by Department of Human Settlements and construction works is ongoing of Phase 03.
- **Hlomendlini Social Amenities:** This project has been completed and handed over to the municipality at the end of July 2018.
- **Tugela Ext 3 & Sundumbili Township R293 Properties:** During the 2018/19 financial year, a total number of **39** properties of the **43** matters under Sundumbili Township have been transferred and **147** properties transferred under Tugela Ext 3 of **170** matters finalized.
- **Operation Sukuma Sakhe (OSS) cases:** This project is on hold now as the Department of Human Settlements is still working on the construction sequence with implementing agent on the ground.

Through implementation of housing projects, over 180 local job opportunities were created in the 2018/19 financial year.

3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT

The Mandeni Local Municipality provides assistance to indigent households with regards to free basic services relating to refuse collection and disposal, electricity and rates. Refuse collection and disposal is provided free of charge to rural households through communal bins (skips) strategically placed within walking distances. 50kwh of free electricity is supplied to qualifying households within the Eskom supply area through an agreement entered into with Eskom whereby Eskom is reimbursed by the municipality.

The first R15 000 of the property value of all households is not rated and indigent households are exempt from rates and other charges. The iLembe District Municipality provides assistance to all households with access to 6000 litres of water per month free of charge. All VIP toilets are free of charge.

In order to qualify for the free basic electricity, indigent households are required to register for the service with Eskom and only approximately 50% of the potential indigent households registered for and received the free service allocation for the year. An average number of 1086 households received free basic electricity for the year. Qualifying households are encouraged to take up the support by registering for it. Over 6000 households received free basic refuse services for the year.

COMPONENT B: ROAD TRANSPORT

The municipality prepared and adopted a Roads Master-plan for its area of jurisdiction. This exercise has established that the Municipality has approximately 700km of municipal access roads under its jurisdiction. Approximately 15% of these roads are urban paved roads whilst the remaining approximately 85% are rural unpaved roads requiring mechanical maintenance and repair work at high cost.

The municipality is well serviced by major roads within the area. The N2 freeway runs north – south in the municipality linking it to the major ports of Richards Bay and Durban. The R102 fulfils the similar function. Other main roads link these two major corridors to the hinterland to the west. The KZNDOT is currently upgrading the D883 that links the Mandeni Municipality to the Umlalazi Municipality through the Ndulinde area. They have further appointed a contractor for the upgrade of the P415 to Thukela Mouth Beach.

3.7 ROADS

Through the roads master-plan formulation the municipality has established a pavement management system to manage its existing roads infrastructure assets and a prioritisation model for investment in new roads infrastructure. The rural roads require constant importing of gravel onto them and gravel is a scarce commodity that needs to be transported long distances at very high transport costs. The municipality has an in-house routine rural dirt/gravel road maintenance programme using the municipal plant and equipment. The works under this programme entails re-gravelling and blading.

Other routine maintenance programmes relate to pot-hole repairs and drainage maintenance being done in-house. The municipality has two other programmes that are capital in nature, i.e. Urban Roads Rehabilitation Programme and Rural Roads Rehabilitation Programme. The Urban Roads Rehabilitation Programme addresses the ageing dilapidated infrastructure by renewing the assets. The Rural Roads Rehabilitation Programme addresses the rural dirt roads by planning, designing and constructing them properly complete with associated storm-water drainage. New roads are also being constructed in support of Human Settlements Projects.

ROADS AND STORMWATER

- 35 headwalls were constructed by 30 June 2019.
- Construction of 1 Multi- purpose Hall in W5 was achieved on 12 June 2019.
- Appointment of Contractor for the Construction of the Nyoni Taxi Route Phase 4 was achieved on 20 November 2018
- 1936.29 m² potholes repaired on urban roads by 30 June 2019
- Contractor appointment for upgrade and improvement of Enembe Road in wards 7,13,14 and 15 was achieved on 14 March 2019.
- Completion of 4.4 km of roads were upgraded in Highview Park Ward 3 by 31 March 2019.

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

- Mandeni Municipality approved authority to function as a Grade E Driving License Testing Centre (DLTC) that does not permit the testing of driving licenses and Motor Licensing Bureau (MLB) status. The restriction caused by the fact that the Municipality still does not have a testing ground and enough space for Motor Licensing (MLB). Otherwise, it will be progressed as a Grade D DLTC with Motor Vehicle Licensing (MLB).

However, the Municipal Council is the process of sourcing the funds in the 2018/19 financial year to inaugurate New Protection Service Centre for the relocation of the Public Safety / Protection Services Unit to a new site that will allows for the building of the testing ground and other Municipal Emergency services to be one stop shop.

During the period under review, the DLTC generated cash revenue of R1227 249 00 from all the transactions performed by the Centre. Had it have the testing ground this revenue would been doubled or tripled. Most importantly, both Provincial and National Departments of Transport have been giving the DLTC a clean audit from its date of operation in 2014 to date

3.9 WASTE WATER (STORMWATER DRAINAGE)

The municipality prepared a comprehensive storm-water master-plan for its area of jurisdiction. The municipality carries out routine storm-water repairs and maintenance and also upgrades and installs new storm-water systems during roads provisioning and human settlements projects. Storm-water drains unblocking is routinely being done in various wards.

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 PLANNING

The Mandeni municipality has made great strides in terms of the functioning of the town planning component of the municipality which is fully-fledged and functional.

STRATEGIC PLANNING

- **Preparation of the IDP**

  The planning unit is responsible for the preparation of the Municipal IDP and ensures the compliance with Chapter 5 of the MSA.

- **Public participation**

  The municipality in line with Section 16(1) (a)(i-iv) of the Municipal Systems Act which encourages the involvement and participation of communities and other stakeholders in the affairs of the municipality in particular IDP, PMS and Budget planning process engaged all communities across the municipality at Ward levels through a ward cluster approach and all other stakeholders to ascertain their needs and issues.

Local Economic Development

- The planning unit is critical in the facilitation of local economic development through the identification of appropriate areas for business to operate. The Planning Unit continued to play an advisory role on Tourism related issues in line with the existing Local Area Plans for both Tugela Mouth and Dokodweni Areas. The town planning unit continues to provide comments and inputs in the issuing of business licenses and permits.

LAND USE MANAGEMENT

- The Town Planning unit ensures compliance with the adopted Urban town planning scheme. The Town Planning unit also ensured the workshopping of the bylaw enforcement officers on such scheme and continues to work hand in hand with the colleagues to ensure efficient bylaw enforcement.
- The planning continued to ensures compliance to the Spatial Planning and Land Use Management Act through processing of Land Development Applications with legislated time frames.
- During the 2018/2019 financial year the planning unit Rolled-out capacity building programmes to critical stakeholders on Land Use Management and applicable Spatial Plans.

SPATIAL PLANNING AND SPLUMA

- The Municipality in its implementation and compliance with Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) processes development applications through the District Joint Municipal Planning Tribunal (MMN JMPT) constituted by the three local Municipalities namely Mandeni, Maphumulo and Ndwedwe Municipality. During the year under review, three (3) planning applications were received by the Municipality for assessment. One has been tabled to the MMN JMPT for approval and was approved with conditions. The other two (2) applications are within the legislated timeframes and are being subjected to the legislated processes of SPLUMA.

- The Planning unit continues to receive applications pertaining to land requests for various uses ranging from the establishment of small businesses to the establishment of municipal office space by government departments and service delivery projects by the internal municipal departments. These applications and requests are channeled through the various council structures accordingly.

Total number of applications approved: (1)
Total number of applications not approved: (0)
Total number of applications incomplete: (1)
Total number of applications still pending: (1)

3.11. LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The municipality through Section 152 (1)(c) through a number of interventions programme has been striving to promote local economic development within its jurisdiction with focus on SMME Development and support; Agricultural; job creation (poverty alleviation) and Tourism economic sectors.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.13 CEMETORIES AND CREMATORIUMS

- While the Municipality has identified a close to suitable land for the establishment of a cemetery and crematoria facility, however relevant studies are still being conducted and negaotiations are underway to determine the possibility of purchasing the land.
- At the moment the Municipality unfortunately has no burial site facility regretably.

COMPONENT E: ENVIRONMENTAL PROTECTION

3.14. POLLUTION CONTROL

By virtue of the Municipal health services being the competence of district and metropolitan municipalities in terms of the National health Act, 61 of 2003 read with the Air Pollution Control Act 39 of 2004, and the fact that pollution control is one of the services of both the district municipality and the provincial government (in terms of control of hazardous substances), Mandeni Municipality relies on the Ilembe District Municipality as well as other private sector and/or non-governmental organisations, including National government in terms of controlling pollution of its natural resources.

COMPONENT F: HEALTH

Constitutionally and legally the health service is a functional area of concurrence of national and provincial legislative competency.

However, the Municipality in discharging its duties as an organ of the State and in compliance with Section 153 of the Constitution read with Section 23 of Municipal Systems Act had cooperated with and offered its assistance and support to the Department of Health in rendering the health services. This includes attending its official events / campaign and support the Department with requests such as making availability of community hall facilities or hire tents for them in area where it does not have community hall facilities to be used in community education and awareness campaigns.

Also, the Municipality had constituted a Health and Social Services Forum over and above the Operation Sukuma Sakhe structure with a view of providing an opportunity to health and social services stakeholders to engage, share experience and learn from one another in a bid to enhance the lives of the community of Mandeni.

3.16 CLINICS

There are seven clinics within Mandeni Municipality jurisdictional area with Sundumbili Community Health Centre coordinating the activities of other local clinics. Unfortunately, the Municipality still lacks a Hospital, hence the residents of Mandeni are referred to Stanger Hospital in KwaDukuza for hospital services.

3.17 AMBULANCE SERVICES

The ambulance services are an exclusive competence of the provincial department of health

3.18 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION;

With the advent of the National Health Act, 2003 (Act No.61 of 2003), the environmental health services became a competence of district and metropolitan municipalities. Hence, for health inspection the municipality relies on the district environmental health services.

COMPONENT G: SECURITY AND SAFETY

3.19 POLICE

Constitutionally and legally police service is the concurrent competence of National and Provincial Governments. However, with the advent of the Civilian Secretariat for Police Service Act, 2 of 2011 coupled with the National Safety Plan and the Community Safety Forum Policy, municipalities are charged with the responsibility of community social crime.

It must be mentioned though that the Municipality is in its infancy stage in terms of compliance with its mandate in this regard.

But, as apart of upholding the safety of the community, the Municipality appointed Durban Snax, CC in 2016 to render the animal pound service in accordance with Section 3(2) of the KwaZulu Natal Pound Act, 3 of 2016. It has been established by the Provincial Social and Justice Cluster that the stray and trespassing animals are a serious threat to public safety both from the roads and in the social environment of people in terms of communicable diseases. Hence, they must be impounded not herded or if trespassing.

3.20 FIRE CONTROL

With the appointment of Rural Metro Emergency Management Services to render the fire service

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Constitutionally and legally police service is the concurrent competence of National and Provincial Governments. However, with the advent of the Civilian Secretariat for Police Service Act, 2 of 2011 coupled with the National Safety Plan and the Community Safety Forum Policy, municipalities are charged with the responsibility of community social crime.

It must be mentioned though that the Municipality is in its infancy stage in terms of compliance with its mandate in this regard.

But, as apart of upholding the safety of the community, the Municipality appointed is the Process to appoint the Service Provider to render the services of Stray Animal pound service in accordance with Section 3(2) of the KwaZulu Natal Pound Act, 3 of 2016. It has been established by the Provincial Social and Justice Cluster that the stray and trespassing animals are a serious threat to public safety both from the roads and in the social environment of people in terms of communicable diseases. Hence, they must be impounded not herded or if trespassing.

3.20 FIRE CONTROL

With the appointment of Rural Metro Emergency Management Services to render the fire service function since 2013 to date, the effectiveness through which the service has been rendered has resulted in a reduction of fire injuries and deaths to a minimum during the period under review. This is mainly attributed to effective community education and awareness campaigns conducted by the unit. In total seventeen (17) educational and awareness campaigns were done.

At the same breath, an estimated financial saving of property of R6 422 500.00 was achieved in comparison with the property loss of R8 469 500.00

Arrangements are afoot to provide the service internally subject to the availability of adequate resources.

3.21. DISASTER MANAGEMENT, ANIMAL LICENCING, AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

3.21.1 Disaster Management

3.21.1 Disaster Management

Ever since the Municipality Disaster Unit in partnership with iLembe District Municipality conducted disaster risk education and awareness campaigns, community members have taken their health and safety seriously.

The number of disaster-related incidents for the 2018/19 financial year is 127 that encompasses 469 people affected, the number of people affected decreased from 1769 people in the 2016/17 financial year. In addition, the number of injuries also decrease from seven injuries in 2016/17 to two (02) in the 2018/19 financial year. The number of fatalities also decreased by one (01) live, from the three (03) lives that were lost in the previous financial 2016/17.

3.21.2 Driver License Testing Centre (DLTC)

The DLTC with its limited authorization in terms of grading processed 6341 transactions which generated an amount of R1 271 052.00 in revenue.

Council approved the expansion of the service by building a new protection services center which will provide additional services such as the motor license bureau (MLB) and driver licensing. And such facility improvement will also give rise to a high grading of the DLTC from Grade E to upper grade(s) and consequently increase revenue.

The project is underway but will require additional funding for its completion, funding that may be sourced externally.

3.21.3. ROAD TRAFFIC SAFETY AND LAW ENFORCEMENT

Notwithstanding concerted efforts by road traffic law enforcement agencies of the state, however, the rate of road accidents and carnages seems not to decline. This is mainly due to the attitudes and behaviors of motorists which are unacceptable such behaviors include intoxication reckless and negligent driving, lack of patience and acknowledgment of co-existence of one another.

As a result of the three hundred and thirty-one (331) traffic accidents attended, one hundred and fourth seven (125) injuries and thirty-three (21) fatalities were sustained during the period under review.

It is unfortunate that from the annual reports of the International Transport Forum, particularly the 2018 Annual Report, that of the forty-one (41) countries that submitted its road safety statistics, South Africa is rated as 41st country in terms of road fatalities per 100 000 inhabitants. Putting it plainly in South Africa, 25 people from 100 000 inhabitants die each year in road accidents, compared to Norway where only 2 out of 100 000 dies as a result of thereof.

The report attributes distracted driving through the use of mobile (cell) phones as the major cause of road fatalities. I can, therefore, be inferred that even in our roads in Mandeni, the use of cellphones while driving may be the cause of this fun baiting road fatalities.

In an effort to reduce these negative statistics, the road traffic law enforcement Unit working with other similar agencies of state staged nineteen (19) joint operations, aimed at police visibility, community education and awareness and law enforcement.

The Municipality strengthened the capacity of the Traffic Unit by appointing four(04) additional law enforcement functionaries in the 2018/19 financial year.

COMPONENT H: SPORT AND RECREATION

3.22 SPORT AND RECREATION

Indigenous Games Festival

The Indigenous Games Festival, has grown exponentially as it has been re-positioned as a family festival with a vibrant carnival atmosphere since 2014.

The games are culturally important in that they form part of that heritage celebrations and through them we celebrate South Africa's cultural diversity.

On the 26th of July 2018 Mandeni local team participated in the District selections which were by our Municipality, the elections were a resounding success, a number of athletes were selected to participate in Provincial games.

Women's Day Celebration

Part of 2016 sport development program was establishment of ladies soccer local league which was established in partnership with local LFA and SALGA games ladies soccer technical team.

As part of celebrating women day, the Municipality hosted a success ladies soccer tournament which was initially proposed to be in August, due to rehabilitation of Ngcedomhlophe the event ended up being in September.

Heritage Day

To celebrate Heritage this day, the municipality hosted sport meet music event hosted in Hlomendlini on the 29th of September 2018, where teams competed amongst Indigenous teams, Indlamu, poetry Competition as well as indigenous games.

Golf Development

It is a good deed to honor and recognize people who play a role in community building. Mr Dlamini is one of the community member who have played a huge rule in developing golf in Mandeni especially amongst the youth.

On the 7th of October Mandeni Municipality in partnership with Mandeni Golf Club hosted a Golf day in honour of Mr.M Dlamini for the role he played in developing Golf in Mandeni, which was hosted in Eshowe Golf Club which was a central club for most expected golfers expected to participate.

Macambini Aerobics Launch

Currently we have 5 aerobics clubs in Mandeni, 3 owned by unemployed young people who now regard their club as their main source of income, in addition to the 5 clubs, on the 20th of October 2018 we launched one more club in Macambini who will be exercising in Macambini Multi-purpose.

Chess Tournament

As an initiative to give our local developing athletes an opportunity to compete on the 20th of October 2018 in partnership with our local structure we hosted a local chess tournament part of initiative was to also assist players prepare for SALGA games competition.

Rugby Development

Rugby is one of the growing codes in Mandeni, regardless of the known challenges such as sport field and pulling out of sponsors, or team continue to participate in activities that improve their competence.

On the 1st of March 2019 our local team participated in Provincial selections on the where 7 of our athletes were selected to undergo further Provincial training.

Comrade Marathon

As per the tradition of the Municipality to support the local athletes who partake In the Comrade Marathon competition yearly, the Municipality has also adhered to it commitment and supported them throughout the preparations until the final stage of the comrade marathon.

During 2018 Marathon the Municipality continued to support the athletes with transport to and from the marathon competition, light drinks and standby vehicles to take care of their immediate needs while on the competition was also allocated for them.

Jomo Zungu Tournament

The Municipality through the Youth Programme Unity partnered with Jomo Zungu Foundation and Sport Confederation in delivering a successful Jomo Zungu 3rd annual games that took place on the 21st – 22nd of June 2019. The main objective of the tournament is to keep the light of the late Mandeni Sport legends alight through strategically using their history and the role in sport to encourage and motivate the young ones to battle for success as they did despite challenges and disadvantages.

Sport Clinics

In June the Municipality hosted sport clinic as a response to a common outcry form sport people and federation s in Mandeni on lack of capacity building workshops to equip sport people with necessary tools to develop themselves and the teams/ codes that they are responsible for. However due to unforeseen sport battles in federations, the programme was later turned to only focus in soccer.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.23 HUMAN RESOURCE SERVICES

- The Municipality conducted the Skills 2018/19 auditing process on the 30th of March 2019 as targeted.
- The workplace skills plan HRDC was developed and adopted on the 25th of April 2018.
- The workplace skills plan was submitted to LGSETA on the 30th of April 2019.
- The total Number of employees that were trained according to the WSP prescriptions was 117. The actual target was 100. This was over achieved.
- The Actual amount spent on skills development in the 2018/19 financial year was R 730 000.00. The targeted amount to be used was R566 096.00
- Training of staff on how to use the electronic document management system (Orbit) was achieved out of the 4 that was targeted. Targets was not achieved due to the lack of Tools for the training including Venue, Internet access, Laptops etc.
- For Effective implementation of recognized collective agreements, applicable legislation and policies, the Municipality Conducted workshops half-yearly on collective agreements and applicable legislation and policies.

The need for skills, training and development is a fundamental one in the lives and upskilling of our staff and community alike. Corporate Services has done exceptionally well in this realm by being able to secure the training and development of over 100 hundred unemployed youths from Mandeni including stipend. Corporate Services approached local business, the Local Government SETA, Construction CETA and private business to assist unemployed youth with skills. And the call was answered positively. Skills Development has therefore done exceptionally well.

3.24 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Municipality has a very effective IT unit that ensures that the everyday workflow and productivity is not affected. Matters reported to the IT department are resolved in a very short space of time to ensure that administration does not stop due to a faulty computer for example. Frameworks and plans were put in place to ensure this. These are;

- Implementation and Adoption of IT Master System plan (MSP)
- Implementation and Adoption of IT governance framework.
- Upgrade of IT backup system.
- Provision of network to park homes and youth center / customer care center offices

ICT REPORT FOR ANNUAL REPORT

The ICT department committed its time in the 2018/19 financial year to purchasing and replacing computer software and hardware to improve the efficiency of the municipality. Capital Projects in the form of a Voice and Data upgrades were completed as well as the upgrade of the Network Infrastructure. The ICT department successfully developed the Disaster Recovery Plan and the ICT Strategy plan as our focus moved toward a Strategic Enabling department. The sitting of the ICT Steering Committee took place with the aim of aligning ICT with the Municipal goals.

ICT Strategic Planning

A five-year ICT Strategy has been developed and presented to all appropriate Council committees and was submitted to Council for approval. The five year ICT implementation plan has at best been aligned to the IDP and the 2018/19 implementation phase includes the ICT department SDBIPs for the 2018/19 financial year. Each and every activity in the implementation phase is supported by a process plan that outlines the timelines and steps that will be followed from the start to completion to achieve that.

ICT Governance

An ICT governance framework has been developed and the ICT steering committee members have been appointed. The entire Municipality's head of department heads are represented in the committee so that an overall view of the Municipality's ICT requirements can be collated and be incorporated in the ICT Strategy implementation and align it to the IDP. The committee monitors and measure on a continuous basis that the ICT function effectively supports the Municipality's mandate of efficient service delivery to the community.

Website

Section 75 of the Municipal Finance Management Act, 56 of 2003, requires the accounting officer of a municipality to place on the website referred to in section 21A of the Municipal Systems Act the following documents of the municipality:

Information to be placed on the website	2018/19
1. **Adjustment budget 2018/19**	Yes
2. **Mid-Year and Performance Report 2018/19**	Yes
3. **MTREF Budget 2018/19 to 2018/19**	Yes
4. **Final IDP 2018/19**	Yes
5. **All budget related policies 2018/19**	Yes
6. **Annual Report 2018/19**	Yes
7. **Oversight report for 2018/19**	Yes
8. **Performance Agreements as per s57 (1) (b) of MSA**	Yes
10. **All SCM contract above R30 000 per quarter**	Yes

CHAPTER 4

X

ORGANISATIONAL PERFOMANCE SCORECARD

(ORGANISATIONAL PERFORMANCE HIGHLIGHTS PART 2)

CHAPTER 4

ORGANISATIONAL PERFORMANCE SCORECARD

4.1. LEGISLATIVE REQUIREMENTS

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates as follows:

1) A municipality must prepare for each financial year a performance report reflecting—

(a) The performance of the Municipality and each external service provider during that financial year;

(b) A comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and

(c) Measures taken to improve performance.

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act."

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

4.1.1. LEGISLATIVE PERFORMANCE REPORTING FRAMEWORK		
FREQUENCY AND NATURE OF REPORT	**MANDATE**	**RECIPIENTS**
Monthly reporting on actual revenue targets and spending against budget no later than 10 working days after the end of each month	Section 71 of the MFMA	National Treasury
Quarterly progress report	Section 41 (1) (e) of the Systems Act, Section 166 (2) (a) (v) and (vii) of the Municipal Management Finance Act (MFMA) and Regulation 7 of Municipal Planning and Performance Management Regulations.	1. Municipal Manager 2. Mayor 3. EXCO 4. Audit Committee 5. National Treasury

Mid-year performance assessment	Section 72 of the MFMA. Section 13 (2) (a) of Municipal Planning and Performance Management Regulations 2001.	1. Municipal Manager 2. Mayor 3. EXCO 4. Council 5. Audit Committee 6. National Treasury 7.Provincial Government
Annual report (to be tabled before Council by 31 January (draft and approved / published by 31 March each year)	Sections 121 and 127 of the MFMA, as read with Section 46 of the Systems Act and Section 6 of the Systems Amendment Act.	1. Mayor 2. EXCO 3. MPAC 4. Council 5. Audit Committee 6. Auditor-General 7. National Treasury 8. Provincial Government 9. Local Community

.MUNICIPAL POWERS AND FUNCTIONS

The powers and function of Mandeni Municipality are as per Schedule 4 Part B and Schedule 5 Part B 9f the Municipal Demarcation Board.

Building Regulations	Facilities for the accommodation, care and burial of animals
Child Care Facilities	Fencing and fences
Electricity Reticulation	Licensing of dogs
Fire Fighting	Licensing and control of undertakings that sell food to the public
Local Tourism	Local amenities
Municipal Planning	Local sports facilities
Storm water	Markets
Trading Regulations	Municipal abattoirs
Billboards and the Display of Advertisements in Public Places	Municipal parks and recreation
Cemeteries, Funeral Parlours and Crematoria	Municipal roads
Cleansing	Noise pollution
Control of Public Nuisance	Pounds
Control of Undertakings that sell liquor to the public	Public Places

OPERATING PROCEDURES AND OVERVIEW

In the 2018/19 Financial year, every attempt was made to ensure that the municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is corresponding to the institutional service delivery objectives captured in the IDP. The municipality has continued to maintain the effective operation of the following mechanisms:

- The 2018/19 IDP included strategic objectives, strategies and key performance indicators (KPIs) as required by the Municipal Systems Act, 32 of 2000;
- The budget for implementation of the IDP was approved within the prescribed timelines prescribed in the Municipal Finance Management Act, 56 of 2003;
- After approval of the budget, the 2018/19 SDBIP was developed to integrate the IDP and the budget and to ensure effective implementation of the organisational strategies;
- Performance agreements with performance plans were developed, signed and approved by the Honourable and the Accounting Officer as required by the Municipal Performance Regulations, 2006;
- Quarterly performance reports with supporting Portfolio of Evidence Files were prepared by managers directly reporting to the Municipal Manager. These reports were used in the quarterly performance assessments.
- Quarterly performance reports were verified by the OPMSMER Unit and audited by the Internal Audit unit to test the credibility and reliability;
- The performance assessments for 2018/19 Annual and mid-term 2018/19 was delayed due to the fact that Auditor General (AG) was on site. Planning will ensue once AG has concluded work on site.

PERFORMANCE /AUDIT COMMITTEE

The Performance Audit Committee for the 2018/19 financial year was re-affirmed in terms of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 members are as follow:

-

During the year under review, the Performance and Audit Committee met quarterly to consider the performance reports. The deliberations and resolutions taken by the PAC are encapsulated in the minutes of the committee.

PERFORMANCE EVALUATION PANEL

Performance Evaluation Panels have also been established Municipal Performance Regulations Section 27 (4) (d), for the assessment of performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager.

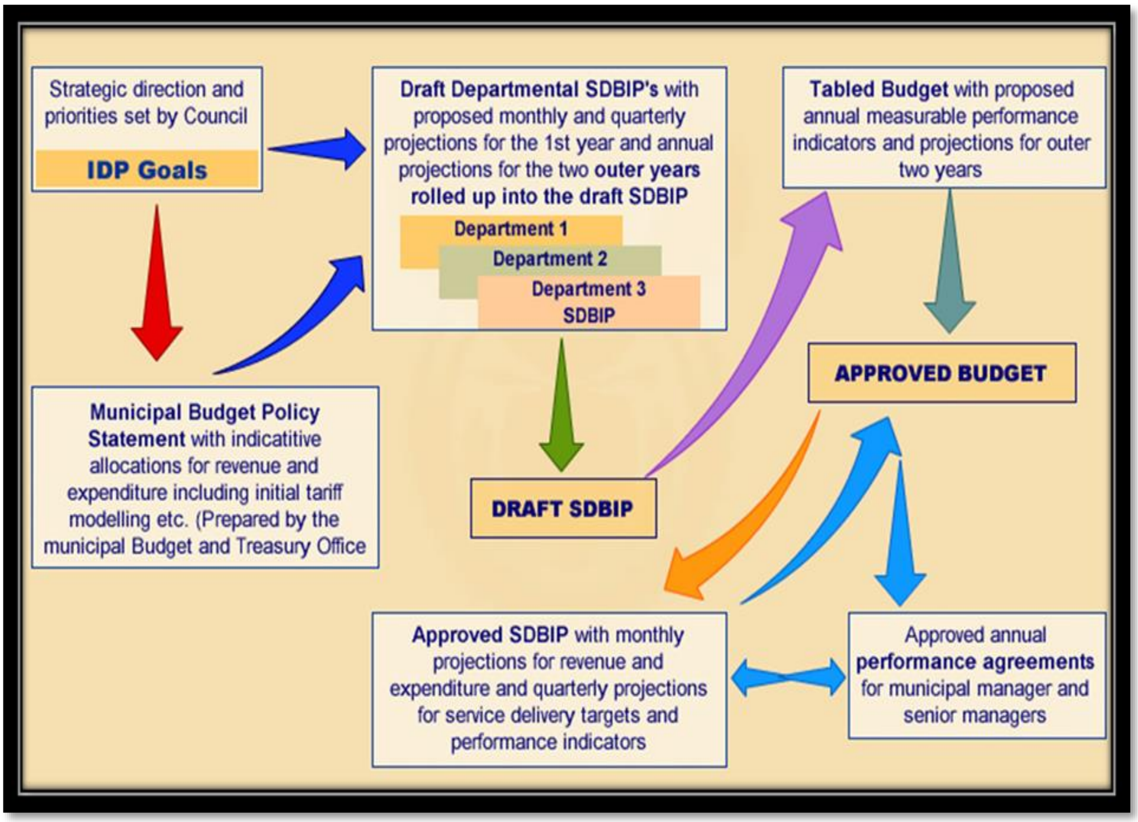
4.2. ORGANISATIONAL SCORECARD/TOP LAYER SDBIP

The municipal scorecard (Top Layer SDBIP) consolidates service delivery targets set by Council and Senior Management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. This is a **one-year** detailed plan, but includes a **three-year capital plan.**

The necessary components include:

- Monthly projections of revenue to be collected for each source;
- Expected revenue to be collected NOT billed;
- Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators for each vote;
- Non-financial measurable performance objectives in the form of targets and indicators; and
- Detailed capital project plan broken down by ward over three years.

The process for preparing and approving the SDBIP, as depicted in the MFMA Circular No.13, is diagrammatically summarised as follows:



It should be noted that, for the quarter three and quarter four performance reporting the 208/19 Top Layer SDBIP was amended as per adjusted budget adopted by Council.

The Mandeni 2018/19 SDBIP was revised based on the following recommendations:

1. SMART principle, in some instances, indicators and targets were re-defined due to existing targets being not measurable, achievable and lacking alignment to the IDP;
2. Mid-year performance results were exploited to make Q3 and Q4 adjustments, especially areas of immense over and under performance;
3. The synergy in alignment between the approved 2018/19 Top Layer SDBIP and IDP Review 2018/19 was considered.

PROCESSES IN AMENDING 2018/19 TOP LAYER SDBIP

The process was consultative and included the following key milestones:

a) Amending the SDBIP to the strategic framework in the IDP to achieve alignment;

b) Meeting with the Head of Departments (HOD);

c) Submitted proposed amendments to the Audit Committee;

d) Submitted proposed amendments to council for adoption;

e) Submitted the Revised SDBIP 2018/19 to be signed by the Mayor and tabled to council for the acquiring of council resolution

f) Public advert was posted on the Amended SDBIP 2018/19 and on the on the website and advertised in the Zulu and English Local Newspapers.

LOCAL GOVERNMENT BACK TO BASICS

Local government is a primary point of delivery where most citizens interface with government. Our vision of a developmental local government system was that it would be the building block on which the reconstruction and development of our country and society would be built.

The citizens of our country could engage in a meaningful and direct way with the institutions of the state. We have made tremendous progress in delivering water, electricity, sanitation and refuse removal at a local level. These rates of delivery are unprecedented in world-wide terms.

It is therefore important to understand where we are, where we could be and what needs to be done to improve performance. Our goal is to improve the functioning of municipalities to better serve communities by getting the ***basics right***.

The Objective of the Back to Basic Programme which was officially launched at the Presidential Summit on 18 September 2014, is to ensure a focused and strengthened local government by setting the ***basics right*** and together with other spheres, provide basic services efficiently and effectively and In a caring manner. The monitoring of municipal service provision efficiency and effectiveness is a pivotal aspect of the implementation of the ***Back to Basics Programme.*** The department of Co-operative Governance and Traditional Affairs (COGTA) has developed a quarterly assessment and monitoring process facilitated through the completion of a Quarterly Provincial Back to Basics Template.

Changing strategic orientation is not easy and it requires bold leadership and political will. At the same time, we need a collective effort and unity of purpose and partnership with leaders in local government, provinces and national government. We need to improve the political management of municipalities and be responsive to the needs and aspirations of local communities. In order to achieve this, we urgently require:

- Mayors and Municipal Mayoral Committees with a vision to change and the calibre of leadership to drive the change process.
- Speakers of Councils who are able to effectively manage the business of Council and lead it in its engagement and outreach programmes.
- Councillors that will inspire and organize for our common purpose of serving our people, and creating a dynamic link their constituencies.
- Municipal Managers and senior managers that understand the core mandate and orientation understand their specific role in delivering the local government vision as envisaged in the White Paper and act in a manner that ensures that local government primarily serves its people by delivering basic services.

KEY AREAS OF BACK-TO- BASIC ARE THE FOLLOWING:

- Basic Services: Creating decent living conditions
- Good Governance
- Public Participation: Putting People First
- Sound Financial Management
- Building Capable Institutions and Administrations

During the process of adjusting the budget, the municipality has also amended its SDBIP in order to align to the Back-to-Basic Key Areas.

Mandeni Municipality has maintained a status of consistency for the past three-years of functionality in the Back to Basics Programme.

4.3. DEPARTMENTAL SCORECARD/LOWER LAYER SDBIP

The Departmental Scorecards (detail Top Layer SDBIP) capture the performance of each Department. Unlike the Organisational Scorecard, which reflects on the strategic performance of the municipality, the Departmental SDBIP provides a comprehensive picture of the performance of that Department/sub-department/branch. It was compiled by **Senior Managers** for their **Departments** and consists of objectives, indicators and targets derived from the approved Top Layer SDBIP, the approved budget and measurable service delivery indicators related to each functional area.

This non-financial third quarter performance report contains information about:

- Quarterly performance against quarterly and annual targets as per the SDBIP is reported on. The SDBIP contains the objectives and indicators as per the Municipal IDP as well as National indicators. The SDBIP for 2018/19 was developed to reflect cumulative performance, therefore the status of indicators is a reflection of the overall performance level achieved in the 2018/19 Financial Year
- Measures taken to improve performance; Corrective action is included for each KPI
- Comparison of performance against set targets;
- Calculations to calculate the variance between actual quarterly performances are included for each KPI; Calculations to calculate the variance between actual quarterly performances are included for each KPI; Comparisons of performance against quarterly targets are highlighted in the form of colors based on scores which were calculated manually by the OPMSMER Unit.
- The scoring method utilized is in line with the assessment rating calculator prescribed by the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, Regulation 805 of 2006.
- The purpose of including these ratings and colour coding is to serve as early warning indicators so that Council can easily distinguish under performance, achievements and outstanding performance against pre-determined objectives. An explanation is as per the table under 4.

4.4. ORGANISATIONAL PERFORMANCE HIGHLIGHTS AGAINST PREDERTEMINED OBJECTIVES (KPI)

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and Budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned;
- The budget must address the strategic priorities;
- The SDBIP should indicate what the municipality is going to do during next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The SDBIP were prepared as described in the paragraphs below and approved by the Mayor.

The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

COLOUR	CATEGORY
	TOTAL NUMBER OF KPI's
	KPI'S NOT ACHIEVED
	KPI's ACHIEVED
	KPI's OVER ACHIEVED

The Service Delivery Performance Report is divided according to the National Key Performance Areas (KPA) of Local Government namely;

NO	NATIONAL KEY PERFORMANCE AREA	ACRONYM
1	Basic service delivery	BSD
2	Good governance and public participation	GGPP
3	Municipal financial viability and management	FVM
4	Local economic development	LED
5	Municipal Institutional transformation and development	MITD
6	Spatial Rational and Environmental Management	SRE

PERFORMANCE AGAINST THE NATIONAL KEY PERFORMANCE INDICATORS

The following tables indicate the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Areas.

The following general key performance indicators are prescribed in terms of section 43 of the Municipal Systems Act, 2000: **These indicators must appear on the Organisational Scorecard in addition to all the KPI's which have been set by the Municipality.**

SDBIP REF	NO.	NATIONAL KPI
BASIC SERVICE DELIVERY		
BSD 01	1	The percentage of households earning less than R1 200 per month with access to free basic services
BSD 02	2	The percentage of households with access to basic level of water
BSD 02		The percentage of households with access to basic level of sanitation
BSD 03		The percentage of households with access to basic level of, electricity

BSD 04		The percentage of households with access to basic level of solid waste removal
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
MFVM 07	3.	The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's IDP.
MFVM 19	4	Debt coverage (Total operating revenue-operating grants received)/debt service payments due within the year)
MFVM 20		Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)
MFVM 06		Cost coverage (Available cash+ investments)/ Monthly fixed operating expenditure
LOCAL ECONOMIC DEVELOPMENT		
LED 4.0	5	The number of jobs created through the municipality's local economic development initiatives including capital projects
MUNICIPAL INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT		
MTID 8	6	The number of people from employment equity targets groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan.
MTID 9.1		
MTID 9.2	7	The percentage of a municipality's budget actually spent on implementing its workplace skill plan.

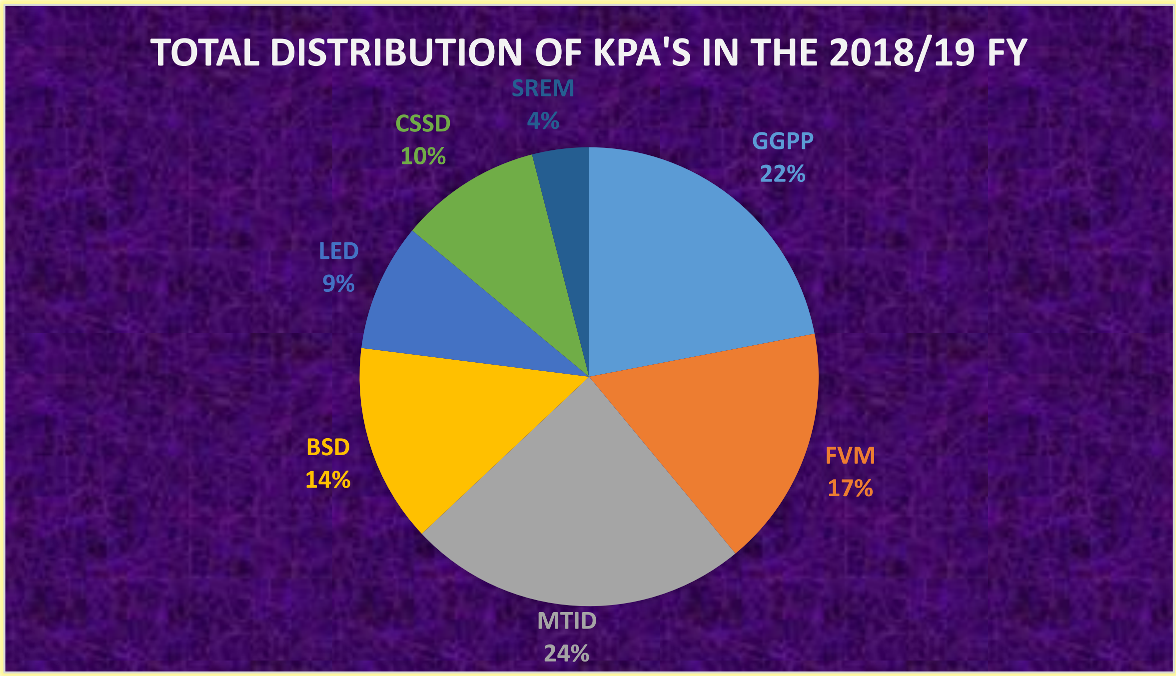
PREDETERMINED OBJECTIVES DEPARTMENTAL SDBIP

The SDBIP serves to focus both the administration and Council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

SDBIP should therefore determine (and be consistent with) the performance agreements between the Mayor and the Municipal Manager and the Municipal Manager and Senior Managers determined at the start of every financial year and approved by the mayor. It must also be consistent with outsourced service delivery agreements such as Municipal Entities, Public-Private Partnerships and service contracts. The SDBIP Template is therefore included in the report for each department as follows;

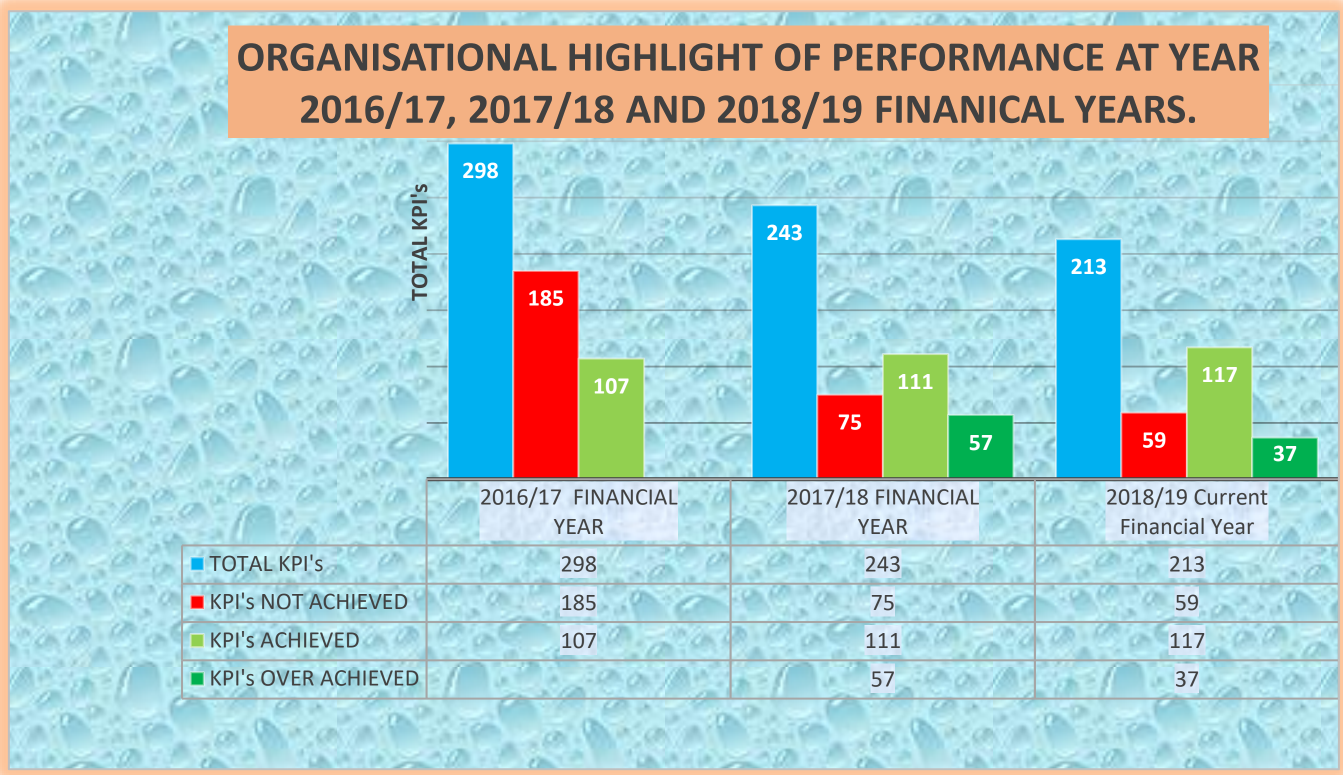
- Department: Office of the Municipal Manager
- Department: Budget and Treasury Office
- Department: Cooperate Services
- Department: Economic Development Planning and Human Settlements
- Department: Technical Services and Infrastructure Development
- Department: Community Services and Public Safety

This pie chart below depicts the distribution of key performance indicator (KPI) to each national key performance area (NKPA). It is helpful to highlight the number of KPI's contributing to the NKPA because; it gives an indication where the municipality's focus is in terms of contributions towards the NKPA's.

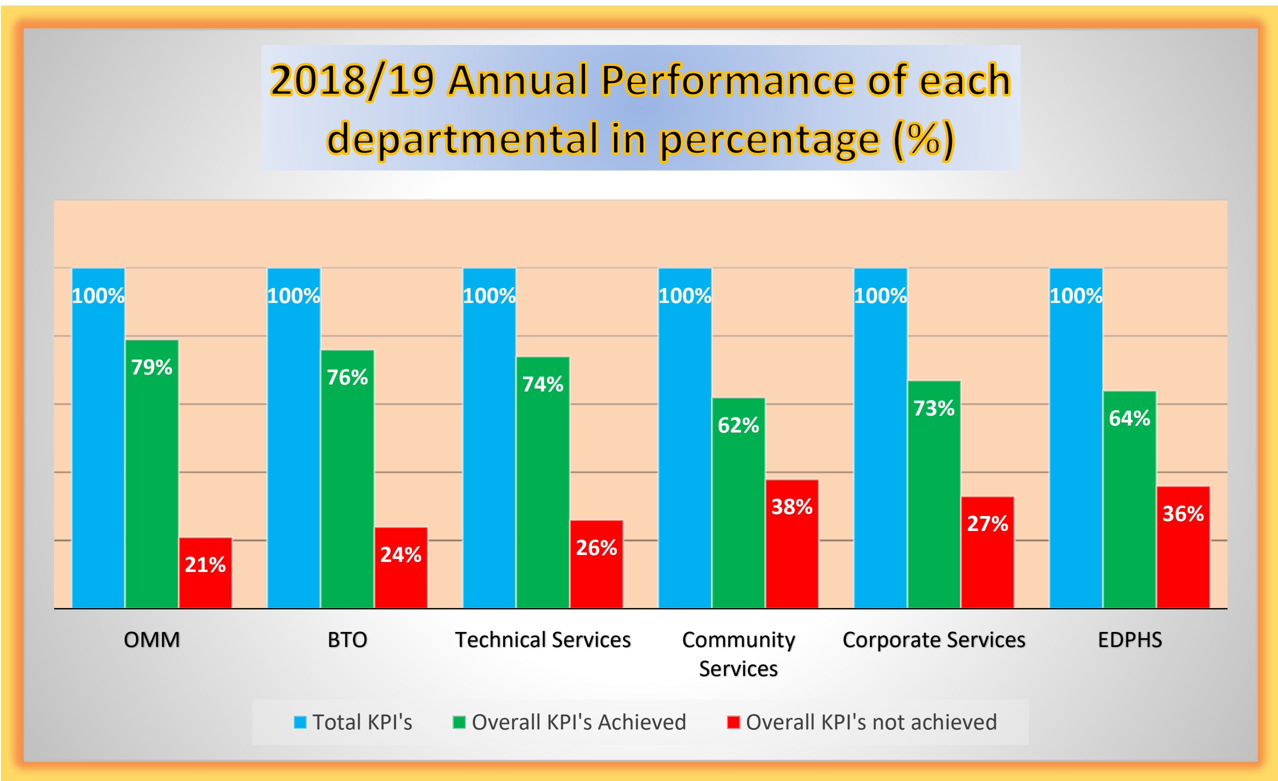


Evidently the pie chart shows that the municipality has most of its KPI's in the top two dedicated to ***Municipal Transformation and Institutional Development*** at 24%, ***Good Governance and Public Participation*** at 22%. ***Municipal financial viability management*** at 17% and ***Basic Service Delivery*** at 14%, followed by Community ***and Social Services Development*** at 10%. The rest of the NKPA shows that ***Local Economic Development*** takes 9% and Spatial Rational and Environmental Management takes 4 %.

Evidently the overall planned targets for the organisation for the 2018/19 Financial Year are two hundred and thirteen (213**).** Out of the (213) KPI's the organisation achieved hundred and fifty-four (154)**,** giving a percentage of **28% not achieved and 72% achieved.**



	2016/17 FINANCIAL YEAR	2017/18 FINANCIAL YEAR	2018/19 Current Financial Year
TOTAL KPI's	298	243	213
KPI's NOT ACHIEVED	185	75	59
KPI's ACHIEVED	107	111	117
KPI's OVER ACHIEVED		57	37

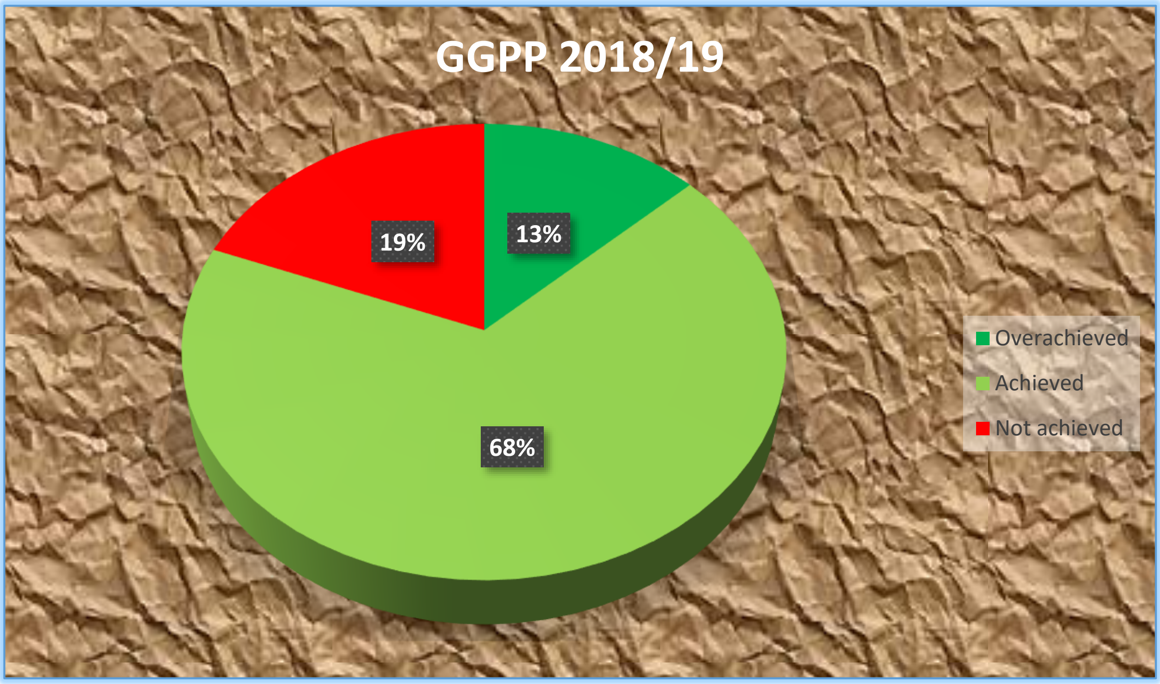


The total number of KPI's decreased from the previous financial year, 2017/18 to the current financial year 2018/19. In the previous financial year (2017/18) the Municipality managed to achieve a favourable percentage of 70%. There was an increase in the achievement of targets in the year in review as 67% was achieved during the previous financial year.

The following graphs illustrate the overall performance of the Municipality measured in terms of the Top Layer (Strategic) SDBIP as at the end of the year that ended 30th June 2019.

Department	Total KPI's	Total Percentage (%)	Achieved	Over Achieved	Overall Achieved	Overall Percentage Achieved (%)	Not achieved
Office Of MM	58	100%	39	7	46	79%	12
BTO	25	100%	18	1	19	76%	6
Technical Services	35	100%	17	9	26	74%	9
Community Services	26	100%	12	4	16	62%	10
Corporate Services	30	100%	15	7	22	73%	8
EDPHS	39	100%	16	9	25	64%	14
Organisational Performance	213	100%	117	37	154	**72%**	59

COMPONENT A: GOOD GOVERNANCE AND PUBLIC PARTICIPATION



This pie chart displays the performance achieved under the Good Governance and Public Participation (GPP) National Key Performance Area (NKPA).

As indicated there are **47** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality could not achieve **19%** of their planned targets. KPI's that where achieved as planned made a total of **81%.**

Under this KPA we focus on the following areas;

- Integrated Planning
- Policy Development
- Public Participation
- Internal Audit
- Anti-Corruption Strategy

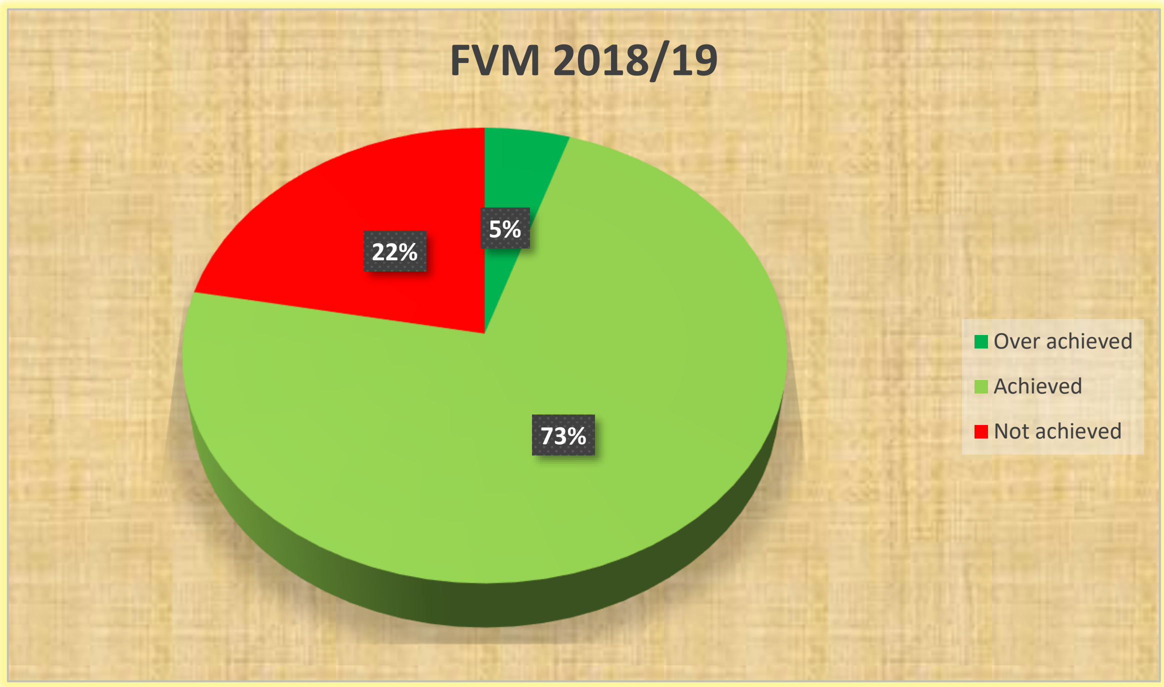
The municipality managed to develop and adopted its New 5 year Integrated Development Plan (IDP), Performance Management System (PMS) and Budget 2017-2022 in line with the prescribed legislation (Municipal Finance Management Act, Act 56 of 2003 and Municipal Systems Act, Act 32 of 2000 as amended). The municipality ensured that all stakeholders were engaged on the adopted process plan as a guide for the development and review of the IDP, PMS and Budget and this was done through IDP Representatives Forums and this process also included the office of the MEC for Co-operative Governance and Traditional Affairs and comments receive from the said office were further effected onto the final Process Plan. Further to the above, the IDP Unit played a key role in the council strategic planning session which was held in Drakensburg in September where council deliberated on various issues including those that needed to find space in the new IDP.

- The Municipality during the term under review conducted a successful IDP Capacity Building workshop for councilors and ward committees which was aimed at inducting both councilors and ward committees on IDP related matters including the development of ward based plans. The municipality in line with Section 16(1)(a)(i-iv) of the Municipal Systems Act which encourages the involvement and participation of communities and other stakeholders in the affairs of the municipality in particular IDP, PMS and Budget planning process engaged all communities across the municipality at Ward levels through a ward by ward approach and all other stakeholders to ascertain their needs and issues for consideration during the development of the New 5 year Integrated Development Plan and Plan.
- Also, the municipality through SECO Partnership received the outcomes of the 2014 survey conducted by the World Bank on "Doing the Business within iLembe and Mandeni" and the results proved the processes and turn-around time for compliance before investors actually start their businesses to be lengthy and complicated.

COMPONENT B: FINANCIAL VIABILITY AND MANAGEMENT

The Budget and Treasury Office is a municipal department that was established in terms of Chapter 9 of the Municipal Finance Management Act No.56 of 2003 (MFMA). Its major role is to administer municipal funds, advise the accounting officer and other departments of their role in terms of this Act and to perform budgeting, accounting, analysis, financial reporting cash management, debt management, supply chain management, financial management, review and other duties.

Below is a graph demonstration of the performance of this department in the 2018/19 financial year.



This pie chart displays the performance achieved under the Finance Viability Management (FVM) National Key Performance Area (NKPA).

As indicated there are 37 key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality managed to achieve 78% of its planned targets. KPI's that were not achieved was 22%. Making this one of the best performing NKPA's in this financial year.

MONITOR THE EXPENDITURE OF THE MUNICIPALITY'S BUDGET

The municipality continues with proper budget monitoring on its expenditure as we are sitting at 100% actual expenditure against actual revenue at 30 June 2018. The report reflects the net surplus R63.8 million after calculation of provision on impairment of debtors. The overall result after assessment of each line item shows that the municipality was on target generally. The cash flow reflects that stricter controls are required going forward.

As at 30 June 2018: 85% of the grants received have been spent except for NDPG and INEP which are associated with low expenditure as social problems are being unblocked. Necessary interventions are being made to turn the situation around in terms of SCM associated issues. The municipality has applied for rollover on NDPG, INEP, GIS Pertinent and Library Grant which are expected to be approved by National Treasury since funds were committed at year end. It is important that the municipality is able to spend all these grants.

PAY ALL SUPPLIERS WITHIN A LEGISLATED PERIOD

We continue to do well on the payment of creditors. The outstanding balances are linked to issues identified on the individual invoices. Reasons are normally given of the dispute for reconciliation to be done before invoice can be paid.

CONDUCT ALL EXPENDITURE RECONCILIATIONS

For the reliable financial information it is crucial that reconciliations are done monthly. This is what makes it easy for the municipality to be able to give better assessment of the budget. The ability to produce a trial balance allows us to produce the financial statements quarterly and give analysis of information and ratios. Monthly reports are sent to the portfolio committee with all relevant information for decision making. Section 71 reports are produced for the Mayor and submitted to treasuries as per budget reporting format.

MANAGE THE MUNICIPAL ASSETS

The municipality has improved in the administration of assets. The capacity in the unit was provided. This has made it possible to shift from involving external resources by build capacity internally.

Continuous assessment of assets for impairment is being done. It is appreciated that the unit is now able to account for depreciation on a monthly basis. Monthly reconciliations are a contributing factor to a good report from the auditor general.

IMPROVE THE COLLECTION RATE

The balance of the amount outstanding from debtors has increased from R123 million to R 197.2 million in the period from 1 2016 to 30 June 2019 (60.3% increase).

The increase is mainly due to non-payment by Ingonyama Trust Board. As a result, more provision for bad debt has aligned with this category of debt.

Added to this is the culture of non-payment by ordinary households due to poor database and sanctioning tools.

Debt collection measures have been improved after the policy review by issuing summons with the intention to attach movable property. This initiative is however a slow process because of the sheriffs involvement. They cannot cope with the number of summons to be served. Over and above, finance has since implemented the 60/40 debt recovery strategy with an aim to encourage the consumer to pay for services and subsequently reduce over the debt book.

The collection process is also affected by the non-cooperation of the community when they are invited to register for indigent benefits.

CONDUCT ALL REVENUE RECONCILIATIONS

The municipality has adopted the revenue enhancement strategy. This is being implemented. This strategy is a process that is mainly supported by external stakeholders. Its impact will be assessed going forward. At this point in time it is important that an opportunity is given for its support. The implementation of MPRA was endorsed to start with billing with the new valuation roll in July 2018.

We have advanced with the prepaid supply of electricity system. We will guarantee electricity billing. Monthly billings of all services are done. Other income is supported to supplement the cash flow that is so needed. Income generated from interest on investment is according lower than the budget due to low levels of cash. These reports are monthly submitted to the portfolio committee.

MANAGE THE SUPPLY CHAIN PROCESSES.

The success of the SCM Unit is dependent on the role played by the user departments. To control the unit, the procurement plans were instituted and implemented. However, these plans are not perfectly followed. Improvement is monitored through working together with other departments.

Bid Committees have worked tremendously to support the functioning of the unit. At the close of June 2019 all tenders were awarded. Due to poor planning in some units there is an increase in deviations. This situation is being addressed.

Contract management is earmarked for improvement as this is an area that the report of the auditor general has pointed out some weaknesses, including the maintenance of documents, monitoring of service providers, transfer of skills etc. A proper training is envisaged in this regard for proper procedures to be in place.

Going forward this sitting of the Bid Committees will be scheduled. The SCM unit will be provided with permanent qualified personnel and improve the workflow processes.

PERFORM MONTHLY FINANCIAL REPORTING

Mandeni Municipality is able to produce the budget in time as expected and in the format that is required. Monthly S71 reports are produced and reported to Treasury. It is appreciated that the municipality is able to report on the norms and standard ratios as recommended by National Treasury in Circular 72

In the implementation of the budget it is noted that other line items are overspent. Some of these overspending is caused by non-compliance with the procurement plans. Others are due to unforeseen circumstances. These will result into unauthorized expenditure. The adjustment budget has dealt with these anomalies.

PERFORM QUARTERLY FINANCIAL REPORTING.

As part of the assessment for half yearly budget performance section 52 report was prepared for submission to the Mayor and Council. The significance of this report in the half year review is that it gives the cumulative performance of the budget that is assisting to the preparation of section 72 report.

Due to improvement in the information technology it is important that the department is on par with technology available and the new trend of doing things. Part of improving performance of the municipality is to improve systems integration through resource management planning.

PERFORM ANNUAL FINANCIAL REPORTING.

The achievements were high in the submission of annual financial statements in that the reports were audited and found to have no errors in the past three years.

We continue to review the standards of reporting of financial information. It assists that now we are able to produce financial statements periodically and review information against the standards such that we have fewer issues at year end when we finally produce annual financial statements. It is important that a compulsory workshop be attended to build capacity.

The standard chart of account mSCOA was introduced by National Treasury. The objective of the regulation is to provide a national standard for uniform recording and classification of municipal budget and financial information at a transactional level by providing standard chart of accounts aligned to budget formats and accounting standards. The municipality have developed mSCOA implementation plan and risk register which are there to assist the municipality in meeting the implementation deadline of mSCOA on the 1st of July 2018.

The municipality prepared and adopted its budget for 2018/19 MTREF financial year in an mSCOA classification framework which is made up of seven segments.

The EDPHS Department through its operations such as Building Plans assessments and approvals, processing of Town Planning Applications, Outdoor advertising, issuing of Business Licences and informal traders permits and rentals and printing of Maps managed to raise an amount of R61,090.65 during the 2018/19 financial year, which is 38.5 % of the full-term target of R158,650.00

The revenue generated by the Department has contributed towards the municipal revenue base during the year under review. Further awareness campaigns will be conducted by the Department on the various bylaws applicable in each section to ensure that there is an improvement in the level of compliance by the community which will further increase the departmental contribution towards the overall municipal revenue stream.

The relatively below par expenditure on conditional grants for Library Grant and Neighbourhood Development Grant were due to circumstances beyond control which resulted in drop of total budget expenditure of 100% expenditure as projected which is an average of the expenditure of 102% of operational budget and 82,89% of the conditional grants.

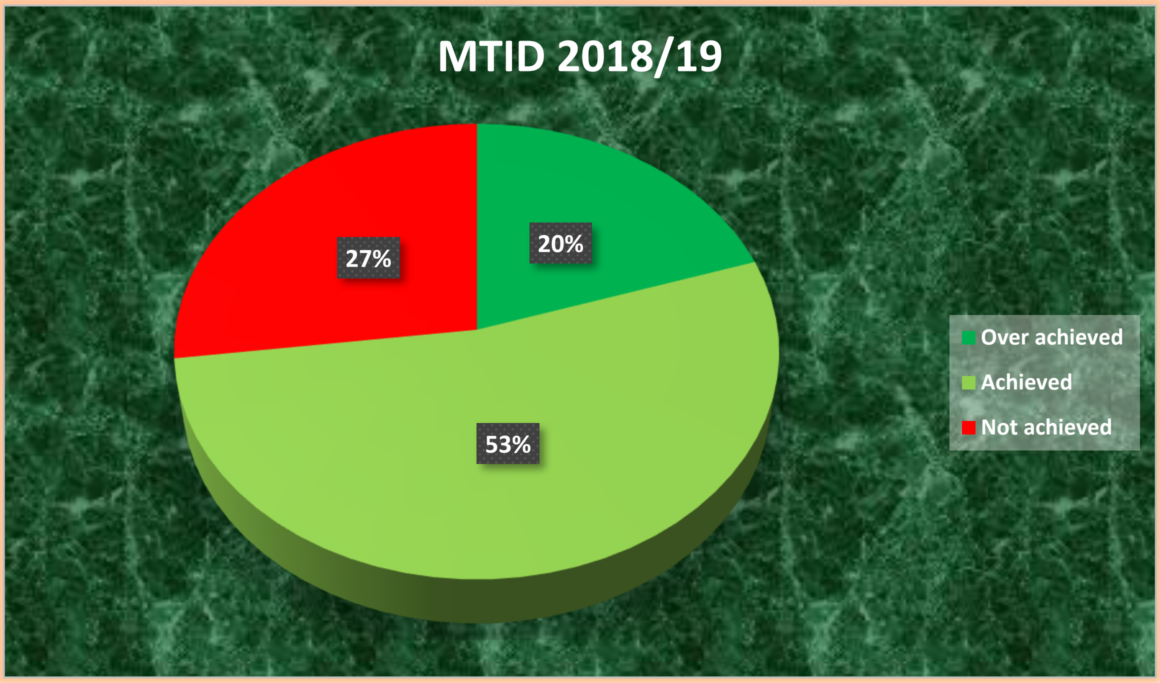
- The major contributing factor was the delay in the finalization of appointment for service provider of upgrade for Isithebe Modular library, which remained with an unspent of 24.32%. The municipality has applied for rollover to the department of Arts & Culture.
- The NDPG allocations was also not fully spent during the 2018/19 financial year with an unspent of 54%, delays were due to the completion of Phase 3 (Construction of Access No.1 on P459), which was due to non-performance by initial service provider that was appointed. However, the municipality has appointed a new service provider who commenced for duty on the 15th May 2019.

To ensure effective Municipal Financial Viability and Maintenance the Municipality did the following;

- Regular reporting is being done to funders of grants as per funding requirements and compliance with the Division of Revenue Act. (NDPG, MIG, EPWP, FMG and INEP).
- Maintain and improve municipal cash flows
- Spent 100% of MIG funding.
- Monthly cash flows and Project Plans are submitted on time to the KZNCOGTA for the MIG funding.
- Departmental Budget and Procurement Plans for the 2018/19 FY was prepared and submitted for consideration.

- Prepared a first draft of a 5 year capital infrastructure investment plan.
- Participated in MSCOA implementation by ensuring attendance to Project Steering Committee meetings held quarterly by the Budget and Treasury department.

COMPONENT C: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT



This pie chart displays the performance achieved under the Municipal Institutional Transformation and Development National Key Performance Area (NKPA).

As indicated there are **51** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality achieved a percentage of **73%** was achieved KPI's under this NKPA. KPI's that were not achieved made up **27%**.

ADOPTION OF MUNICIPAL POLICIES AND FIVE YEAR HR STRATEGY

- On the 30th of June 2019, the Identification, review and adoption of municipal policies was achieved.
- On the 20th of April 2019 of the Municipal Standing Rules and Orders under KZN Provincial Government Gazette No. 1813 were Adopted and published.
- The Adoption of the municipal 2018-2022 Five Year HR strategy was achieved by the 22nd of March 2019, 3 months prior to the actual targeted date.
- The IDP aligned organizational and departmental organograms were Developed and adopted on the 30th of May 2019

EMPLOYMENT EQUITY PLAN, LOCAL LABOUR FORUM AND LABOUR RELATIONS

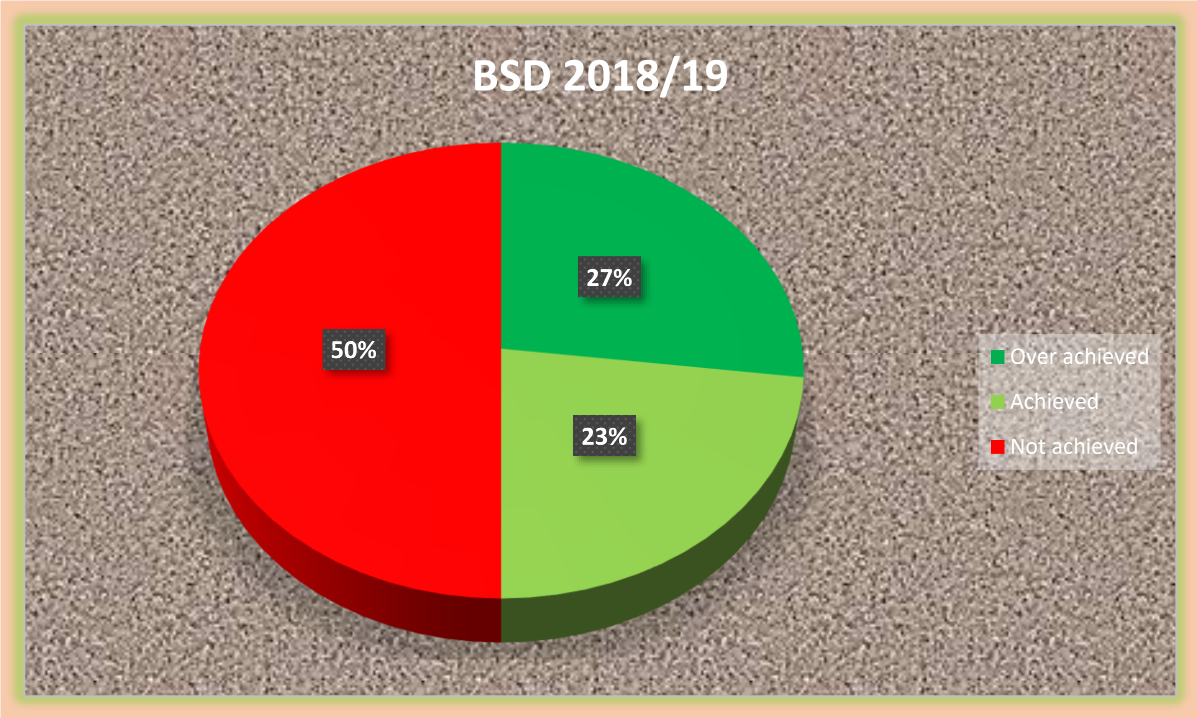
- The date of adopting the reviewed Employment Equity Plan is the 14th of December 2018.

- *Maintenance of the functionality of the Local Labour Forum was achieved by holding 7 Local Labour Forum meetings, the target was 8 and the department had a variance of 1. The* Reason for this variance was that No quorum due to elections (both council and Union) for first Quarter - Therefore no meetings sat in Q1
- 4 quarterly Labour relations reports were submitted to MANCO in the year 2018/19, the actual target was.

SKILLS DEVELOPMENT

- The Municipality conducted the Skills 2018/19 auditing process on the 30th of March 2019 as targeted.
- The workplace skills plan HRDC was developed and adopted on the 25th of April 2019.
- *The workplace skills plan was submitted to SETA on the 30th of April 2019.*
- The total *Number of employees that were trained according to the WSP prescriptions were 92. The actual target was 100. The target was not achieved because the budget allocated was insufficient.*
- The Actual amount spent on skills development in the 2018/19 financial year was R770 456.00. The targeted amount to be used was R800 000.
- Two (2) Training of staff on how to use the electronic document management system (Orbit) was achieved out of the 4 that was targeted. Targets were not achieved due to the lack of Tools for the training including Venue, Internet access, Laptops etc.
- For Effective implementation of recognized collective agreements, applicable legislation and policies, the Department Conducted workshops half-yearly on collective agreements and applicable legislation and policies.

COMPONENT D: BASIC SERVICE DELIVERY



This pie chart displays the performance achieved under the Basic Service Delivery National Key Performance Area (NKPA).

As indicated there are **30** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality achieved a percentage of 15 under this NKPA. KPI's that were not achieved made up **50%.**

The municipality in partnership with the Department of Human Settlements has been continuously delivering low cost houses through RDP Programme in both Urban and Rural areas of Mandeni.

- The municipality during the Financial Year under review had only 4 housing projects that were under construction being Mathonsi Sundumbili Phase 2 (Ward 5, 10 and 12), Inyoni Housing (Ward 3, 7, 10, 11, 12, 13, 14, 15,16, 17and 18), Macambini Housing Project (Ward 1, 2, 8 and 9) and Isithebe Rural Housing Project (Ward 11, 12, 16, 17 and 18) has commenced construction of Phase 1 since these were the only funded projects by the Department of Human Settlements (DoHS) during the 2018/19 financial year. A lot of progress was registered during the financial year under review in the various housing projects which is further detailed below:
- **Mathonsi Sundumbili Phase 2:** A total number of 988 houses were completed during the financial year under review out of a total number of 1000 of housing units which were

projected for this project. This then equates to an 98.8 % completion rate of the project. The project is currently put on hold now to resolve the challenges of unsuitable sites for construction as some are water-locked with others having insufficient space to accommodate housing units. Only 12 sites are left with challenges. Way forward is to monitoring progress, possibly extend program or reduce yield once discussed and agreed with stakeholders regarding the remaining 12 beneficiaries.

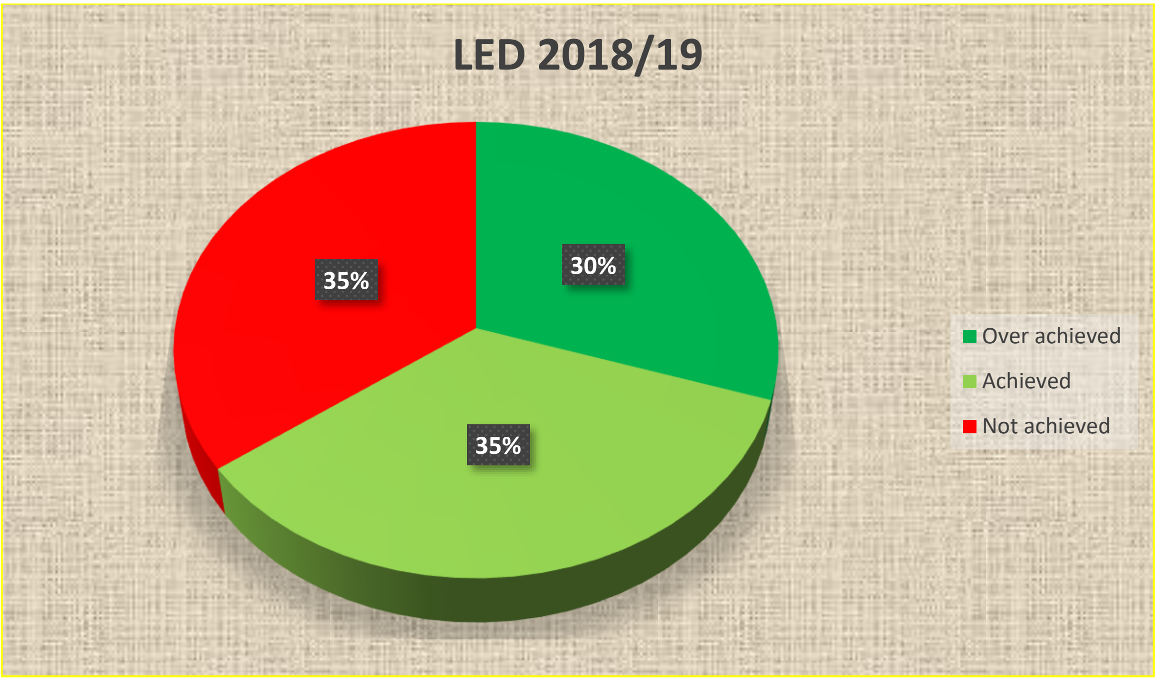
- **Inyoni Housing Project:** This Housing project is currently in progress. Phase 02 and 03 construction is ongoing for approved beneficiaries for ward 3, 7, 10,11, 12,13, 14, 15, 16, 17 and 18. Total number of 1640 slabs was completed; 1585 wall plates completed, 1487 roof structures and 811 completions were done in the month of June 2019. The process of the infill's of beneficiaries on subsidy administration for Ward 10 and 16 has been

- successfully been completed in July. Implementing Agent has submitted some of the application packs to the Department of Human Settlements for processing the approval of the applied beneficiaries. Mandeni Municipality still on the engagements with the process of the beneficiaries on subsidy administration.
- **Isikhonyane Housing:** The Implementing Agent is still in the process of finalizing the close-out report for this project.
- **Isithebe Rural housing:** A total of 1889 beneficiaries have been registered and 1705 (90%) beneficiaries have been approved by the Department of Human settlements and 114 applications still awaiting approval and 07 applications rejected by the Department for various reasons raised from pending information or beneficiaries not qualifying. The project has been approved for 300 units for Phase 1 of the project (300 out of 2000 units) by Department of Human Settlements this financial year. The construction of houses has commenced for 300 units and expected to complete by end of February 2019.
- **Macambini Housing Project (Ward 1, 2, 8 and 9):** This housing project is completed for Phase 01(500 out of 2000 units) and Phase 2 (500 out of 2000). All housing units have been formally handed over to the approved beneficiaries for occupancy. Phase 03 of the project has been approved by Department of Human Settlements and construction works is ongoing of Phase 03.
- **Hlomendlini Social Amenities:** This project has been completed and handed over to the municipality at the end of July 2018.

- **Tugela Ext 3 & Sundumbili Township R293 Properties:** During the 2018/19 financial year, a total number of **39** properties of the **43** matters under Sundumbili Township have been transferred and **147** properties transferred under Tugela Ext 3 of **170** matters finalized.
- **Operation Sukuma Sakhe (OSS) cases:** This project is on hold now as the Department of Human Settlements is still working on the construction sequence with implementing agent on the ground.

Through implementation of housing projects, over 180 local job opportunities were created in the 2018/19 financial year.

COMPONENT E: LOCAL ECONOMIC DEVELOPMENT



This pie chart displays the performance achieved under the Local Economic Development National Key Performance Area (NKPA).

As indicated there are **20** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality achieved a percentage of **65%** and KPI's that were not achieved made up **35%.**

This NKPA is needs to be closely monitored as it has a huge impact on service delivery and is essential for the economic growth of the municipality.

SMME'S

- The number of SMME's and Cooperates supported on Quick Win by 30 June 2019 had a target of 32, but the municipality achieved 92. The overachievement was because strategic intervention to support SMME were required to ensure a greater growth and greater beneficiaries of SMME's. Furthermore, there was a need to ensure all wards benefitted.

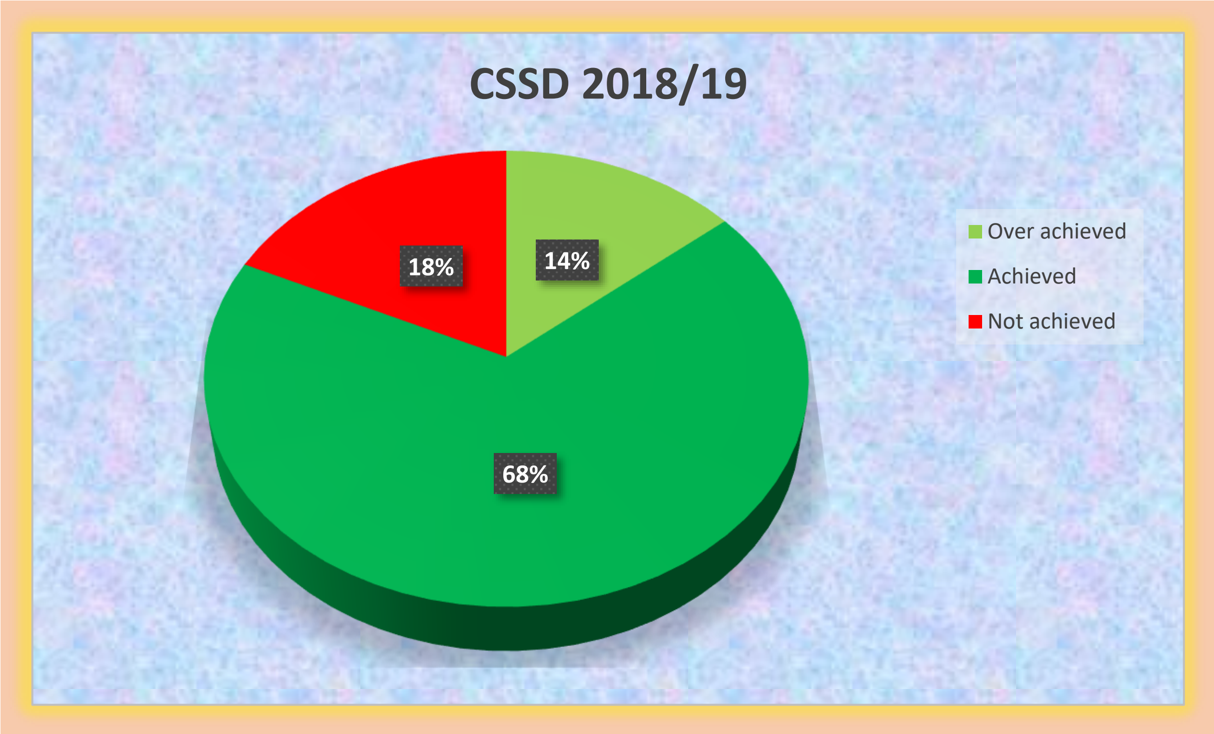
COMMUNITY WORKS PROGRAMME (CWP)

- As at the 30th of June 2019, a total number of 277 participants have been approved and commenced. However, due to the project being pioneered by national department of corporate governance, the municipality cannot finalize the remainder of the approval of recruitment of participants. However, a total of 277 out of 280 participants (which is above 90%) had been recruited and awaiting approval by the department of corporate governance (DCog). It is planned, the balance of less than 10% of recruitment will be finalized in the first quarter of the new financial year. The programme is run by Msika Foundation.

REGISTRATION BURSARIES AWARDED TO BENEFICIARIES

- The municipality had a programme of awarding bursaries to capacitate the community within jurisdictional area of the Municipality. A target of 40 was set, 44 bursaries were awarded to learners to further their studies.

COMPONENT F: COMMUNITY SERVICES AND SOCIAL DEVELOPMENT



This pie chart displays the performance achieved under the Community and Social Services Development National Key Performance Area (NKPA).

As indicated there are **22** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality achieved a favourable percentage of **82%.**
Under this KPA, the Municipality amongst others the following are the performance highlights from the 2018/19 financial year:

LIBRARY OUTREACH PROGRAMME

- The major objective of library service is to preserve knowledge, promote reading and make knowledge to be easily to the broader community. During the period under review it was planned that there will be four outreach events. However, due to the increasing need by the community to access library services especially in rural areas, this was achieved by increasing the number of the events from four to fourteen schools (including primary schools and high schools).
  It is important to mention that it was not possible for the Municipality to achieve this on its own. The Department of Arts and Culture must be highly commended for its unrelenting support to the Municipality. The same is being attributed to various institutions that supported these events namely, University of KwaZulu Natal; University of Zululand; NSFAS and Bursary Unit of UNZUL; Owen Sithole Agriculture College; Milpark University especial its

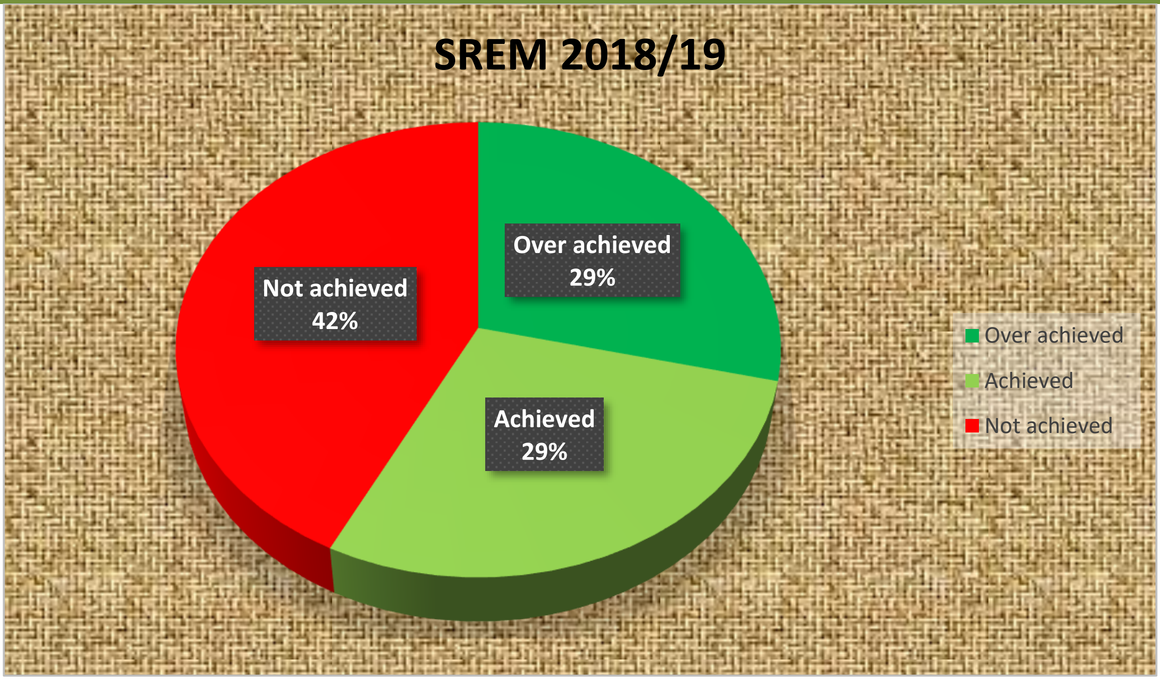
Business School; Durban University of Technology; Mangosuthu University of Technology; Umfolozi College; ICESA Campus; Coastal College; Love life; Helping hand of uMzansi; and University of KwaZulu Natal Students Dynamic.

In addition to the outreach events referred to above, there were three campaigns held during the period of review which are Library Week; World Play Day; and Literacy Celebration. Further, there two Career Expo events hosted by the Municipality at eMacambini Multi-Purpose Centre and at Ndulinde Library.

OPEN SPACE

- During the 2018/19 financial year, SCM approaches were applied to appoint 10 grass-cutting contractors for a period of 3 years to start operating in the next financial year. These contractors were appointed with the aim to increase the spectrum of service providers performing grass-cutting activity within the Mandeni jurisdiction.
- The parks and gardens unit working very closely with the Department of Environment affairs has managed to roll-out a program of greening local schools. This programme is done by donating, planting as well as providing environmental education campaigns to the schools with the aim of creating environmental awareness an cautiousness.

COMPONENT G: SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT



THIS PIE chart displays the performance achieved under the Spatial Rational and Environmental National Key Performance Area (NKPA).

As indicated there are 7 key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. 2 were achieved and 2 over achieved, making it a 50% achievement.

FORWARD PLANNING

- The municipality as part of forward planning has developed Local Area Development Plans for both Dokodweni and Tugela Mouth areas to guide strategic developments through both public and private investments which have been adopted during the mid- year of 2018/19 financial year.

LANDUSE MANAGEMENT

- In terms of Land Use Management, the planning unit successfully completed the review of the Urban Town Planning scheme which was reviewed in –house by the Mandeni Municipality planning team, together with the ILembe shared services colleagues. A number of stakeholder engagements were conducted during this exercise to sensitise stakeholders on the implications of the newly reviewed scheme including the reviewed zonings and development controls. The reviewed scheme was presented at various council structures and was adopted by Council in December 2016.

SPATIAL PLANNING AND SPLUMA

- The municipality in complying with the Spatial Planning and Land Use Management Act (SPLUMA) participated in the ILembe Joint Municipal Planning Tribunal (JMPT) which is chaired by the Director EDPHS of Mandeni Municipality. During the year under review, the planning unit received (7) SPLUMA applications which have since been tabled at the ILembe JMPT. Three out of the seven applications have been processed and are complete and the remaining four applications are still undergoing the applicable processes as prescribed by SPLUMA and are anticipated to be concluded upon during the first quarter of 2018/19 Financial year.
- The Planning unit continues to receive applications pertaining to land requests for various uses ranging from the establishment of small businesses to the establishment of municipal office space by government departments and service delivery projects by the internal municipal departments. These applications and requests are channeled through the various council structures accordingly.

OUTDOOR ADVERTISING

- The EDPHS department, as part of its functions, is also tasked with facilitating and coordinating the municipal outdoor advertising function. During the year under review, the planning unit has made great strides in ensuring compliance with the outdoor advertising by-laws and this has been done in conjunction with the by-law enforcement unit, housed under the Public Safety unit under the Community Services Department. The outdoor advertising function managed to generate an amount of R 1 065 which has contributed towards the departmental revenue base which has been indicated above.

CHAPTER 5

X

DEPARTMENTAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

(Annual Performance Report 2018/19)

DEPARTMENTAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019 (AS PER SDBIP)

The SDBIP serves a critical role to focus both the Administration and Council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

The SDBIP provides the vital link between the Mayor, Council (Executive) and the Administration, and facilitates the process for holding Management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the Mayor, Councillors, Municipal Manager, Senior Managers and Community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of Senior Management and achievement of the strategic objectives set by council. It enables the Municipal Manager to monitor the performance of Senior Managers, the Mayor to monitor the performance of the Municipal Manager, and for the Community to monitor the performance of the Municipality.

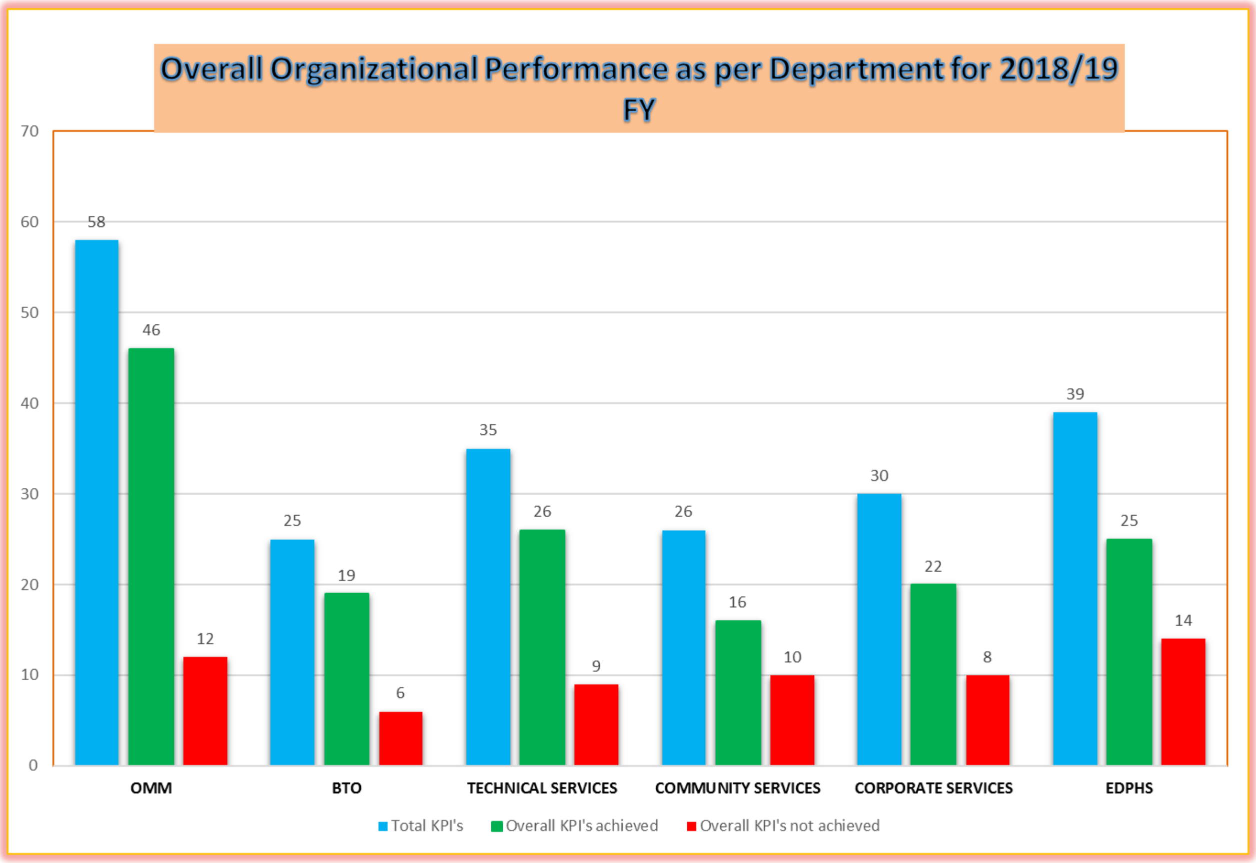
The SDBIP should therefore determine (and be consistent with) the performance agreements between the Mayor and the Municipal Manager and the Municipal Manager and the Senior Mangers determined at the start of every financial year approved by the Mayor. It must also be consistent with outsourced service delivery agreements such as Municipal Entities, Public-Private Partnerships and service contracts. The SDBIP's for each department are attached as annexure as follows;

- Department: Office of the Municipal Manager
- Department: Budget and Treasury
- Department: Technical Services and Infrastructure Development.
- Department: Community Services and Public Safety.
- Department: Corporate Services
- Department: Economic Development Planning and Human Settlements.

Departmental SDBIP indicates performance indicators per National Key Performance Areas and comments with corrective measures with regards to indicators not achieved for the office of the Municipal Manager, Budget and Treasury Office, Technical Services, Community Services, Corporate Services and EDP Department.

The following are departmental annual performance summaries for the 2018/19 financial year;

Below is a graphical demonstration of how the Departments performed in the year in review;



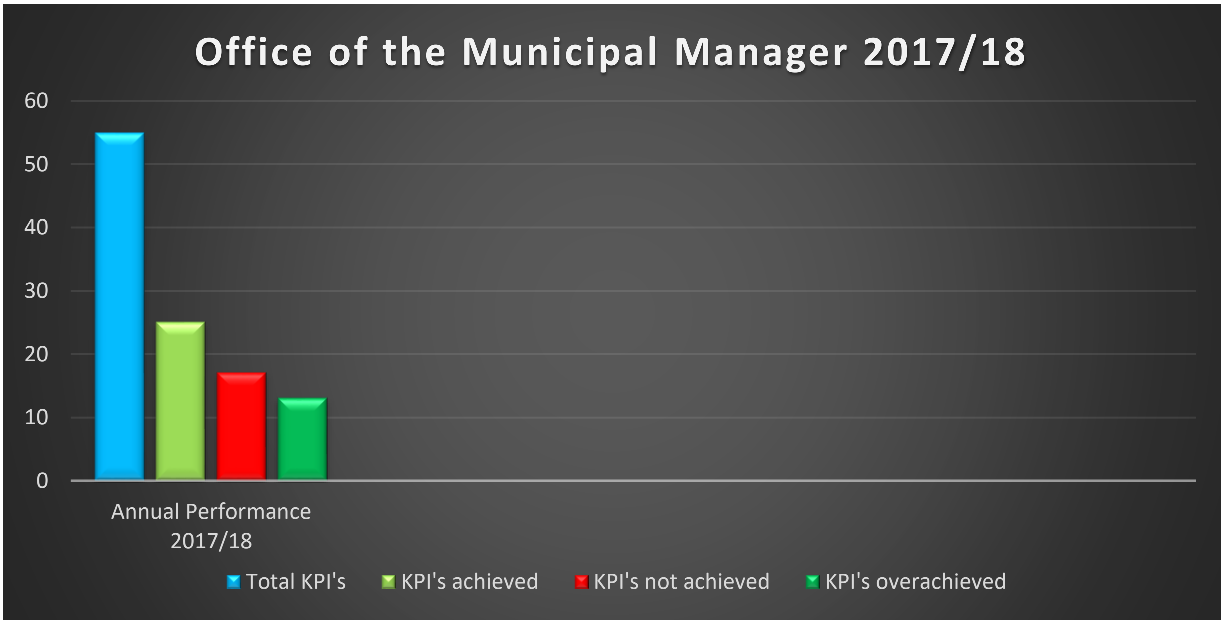
The Municipality had a total of 213 KPI's in the year under review, these KPI's were split among the 6 departments. The Office of the Municipal Manager's office had the most KPI's followed by EDPHS with 39 KPI's. Office of the Municipal Manager achieved a favourable 79 % of their targets. Technical Services achieved a total of 74 %. Community Services and Public Safety achieved 62 % of their targets and EDPHS achieved 64% of their targets. Budget and Treasury Office achieved a favourable 76 % of their targets.

5.1. OFFICE OF THE MUNICIPAL MANAGER

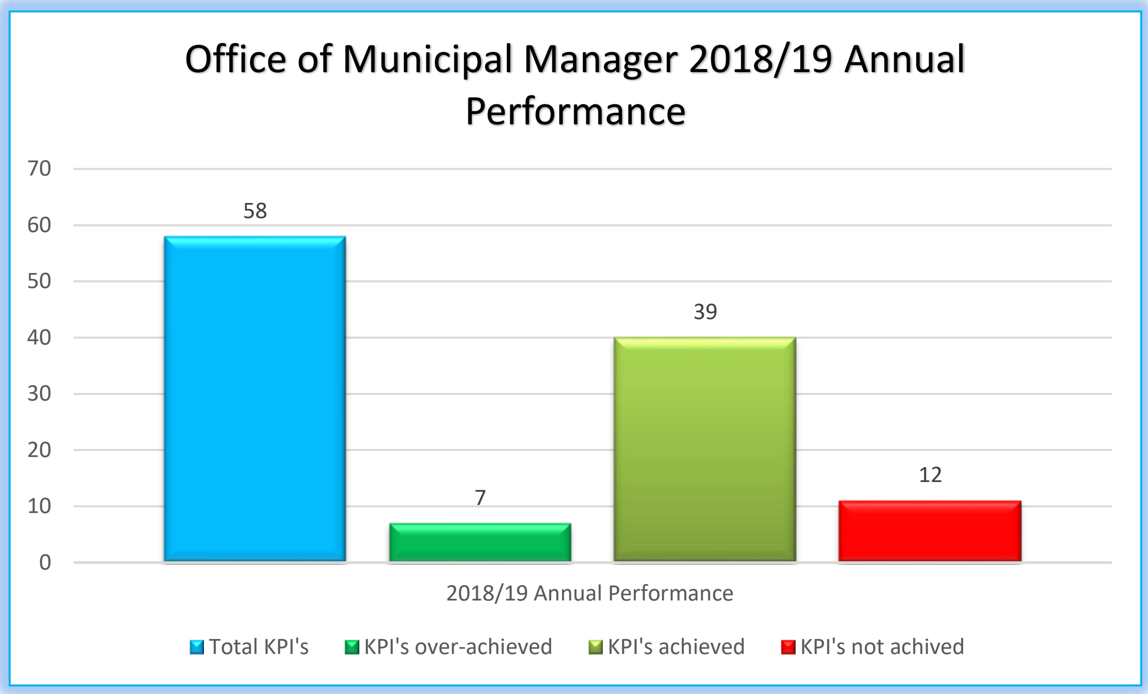
The Office of the Municipal Manager is the nerve centre of Mandeni Municipality. The municipality has achieved tremendous progress since the new administration assumed office. The Municipal Manager's office has recently beefed-up its human resources capacity through the establishment of the following units:

- Internal Audit
- Performance Management Systems
- Special Programmes
- Communication
- Public Participation
- The Office of the MM is fully staffed and fully operational.

Below are the graphs representing the performance of the Municipal Manager's Office in the 2017/18 and 2018/19 financial years and a comparative SDBIP of the Office of the Municipal Manager's performance;



Total KPI's	55
KPI's achieved	25
KPI's not achieved	17
KPI's overachieved	13



	Number of KPI’s	Percentage of KPI’s
Total KPI’s	58	100%
KPI’s over-achieved	7	12%
KPI’s achieved	39	67%
KPI’s not achieved	12	21%
Overall KPI’s achieved	**46**	**79%**

The Office of the Municipal Manager had a total of 58 KPI’s. 46 targets were achieved overall, whilst 12 targets were not achieved. There was an overachievement of 7 KPI’s. This translates to an overall achievement of 79 % of the KPI’s for Office of the Municipal Manager.

MANDENI OMM 2018/19 DEPARTMENTAL SCORECARD/LOWER LAYER SDBIP										
IDP/ ORG REF	**SD BIP REF**	**Key performance indicator 2018/19**	**2017/18**		**2018/19**		**Reasons for Variance**	**Corrective Measures**	**POE**	**Achieved/ Not Achieved**
			Target	**Actual**	**Target**	**Actual**				
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (SERVICE DELIVERY: CREATING CONDITIONS FOR DECENT LIVING)										
BSD 02	**OMM 01**	Number of IDProgSC meetings in Q2 & Q4 to be held by 30 June 2019	1	1	2	1	The target and KPI for the IDProg was amended in the adjustment, the target was changed from 2 to 1 and KPI was changed from Number to Date. This was erroneously not adjusted in the MM's scorecard.	Amend the target.	Attendance Register, Minutes, Agenda/Programme	Not achieved
BSDS 03	**OMM 02**	Reviewed and adopted Municipal Housing Sector Plan by 30 June 2019	30-Jun-18	30-May-18	30-Jun-19	Not achieved	Lack on internal capacity to review Housing Sector Plan as required by the relevant guidelines. EDPHS tried in	The plan is to further engage with Provincial Human Settlement until the	Council Resolution	Not Achieved

							vain to obtain Technical assistance from Provincial Department of Human Settlements.	adjustment Budget process, whereby we will seek to engage with the finance departments, secure internal funding (If Human Settlements does not assist)		
FINANCIAL VIABILITY AND MANAGEMENT (SOUND FINANCIAL MANAGEMENT)											
FVM 01	**OMM 03**	Adopted 2019/20 FY Municipal Budget by council by 31 May 2019	31-May-18	30-May-18	31-May-19	30-May-19	N/A	N/A	Council Resolution	Achieved
FVM 02	**OMM 04**	Adopted of Annual Procurement Plans for 2018/19 by Council by 30-June-2019	30-Jun-18	Not-achieved	30-Jun-19	Not achieved	The procurement plan was only submitted to treasury and COGTA as it is a compliance matter.	To ensure submission of item to council to be tabled in the new FY as well as treasury and COGTA.	Council Resolution	Not Achieved

FVM 39	OMM 05	Adopted budget related policies by Council by 31 May 2019	31-May-18	30-May-18	31-May-19	30-May-19	N/A	N/A	Council Resolution	Achieved
FVM 40	OMM 06	Number of quarterly reviewed risk register report by the risk management unit	N/A	N/A	4	4	N/A	N/A	Quarterly reviewed fraud risk register	Achieved
	OMM 07	Submission of monthly Section 71 reports	12	12	12	12	N/A	N/A	Sec 71 reports/ email / acknowledge of receipt	Achieved
	OMM 08	Section 72 reports submitted to Council by 25 January 2019	25-Jan-18	25-Jan-18	25-Jan-19	24-Jan-19	N/A	N/A	Sec 71 reports/ email / acknowledge of receipt	Achieved
	OMM 09	Number of quarterly of section 52 reports compiled	4	4	4	4	N/A	N/A	Sec 52 reports	Achieved
	OMM 10	Date of submission of 2017/18 Annual Financial Statements and Annual Performance Report to Auditor General by 31 August 2018	31-Aug-17	31-Aug-17	31-Aug-18	31-Aug-18	N/A	N/A	Acknowledgement of receipt	Achieved

GOOD GOVERNANCE AND PUBLIC PARTICIPATION (GOOD GOVERNANCE AND PUBLIC PARTICIPATION: PUTTING PEOPLE FIRST)											
GPP 02	**OMM 11**	Number of quarterly public report-back meetings convened and addressed by ward Councillors.	4	4	72	122	The demand for meetings in Wards lead to overachievement in the total number of meetings.	N/A	Minutes and Attendance Registers	Over Achieved
GPP 03	**OMM 12**	Number of public/ Stakeholders meetings held at which the Mayor or members of EXCO provided report back to the public by 30 June 2019	4	15	4	11	Due to the demand for engagement there was a need for additional meetings	N/A	Attendance Registers	Achieved
GPP 05	**OMM 13**	Number of media slots acquired with the national and local radio stations by 30 June 2019	8	11	8	26	High achievement in quarter 4 was due to a lot of June commemoration events and the issue around protesting	N/A	Mandeni Communication Quarterly Report	Over Achieved
GPP 07	**OM**	Number of electronic	4	3	4	4	N/A	N/A	Copy of the newsletters	Achieved

	M 14	newsletters issued to the staff by 30 June 2019								
GPP 08	OMM 15	Number of the newsletters issued to general public by 30 June 2019	4	3	4	4	N/A	N/A	Copy of the newsletters	Achieved
GPP 10	OMM 16	Number of website updates conducted by 30 June 2019	12	12	12	30	The high number of information to be communicated required updates	N/A	Copy of the website updates (screenshots)	Over Achieved
GPP 11	OMM 17	Number of monthly reports on communication of Municipal programmes through Social Media by 30 June 2019	12	6	12	12	N/A	N/a	Screenshots of the updates	Achieved
GPP 15	OMM 18	Ward committee operational plans developed by 30 June 2019	30-Apr-18	30-Apr-18	30-June-19	21-Jun-19	N/A	N/A	Approved Plans	Achieved
GPP 16	OMM 19	Number of monthly ward committee meeting held in 18 Wards x 12	12	12	180	195	During the elections there were a lot of communi	N/A	Attendance Registers	Over Achieved

							ty engagements.			
GPP 17	**OMM 20**	% of attendance at ward committee meetings	70 %	70%	100%	90%	Due to public protesting in quarter three, the number of meetings decreased	N/A	Attendance Registers	Not Achieved
GPP 18	**OMM 21**	Number of quarterly ward committee reports submitted to Council	4	3	4	3	COGTA did not finish the functionality results in time as this report is correlated to the ward committee reports		Council Resolution	Not Achieved
	OMM 22	Number of EXCO meetings held by 30 JUNE 2019	12	12	12	12	N/A	N/A	Attendance Registers	Achieved
GPP 21	**OMM 23**	Number of formal meetings between the Mayor, Speaker, Chief whip and Municipal Manager.	12	10	12	10	Due to the mayor being on special leave, meetings were not convened	This is an anomaly. The decision to appoint a Mayor and Speaker is a political decision and	Agenda and Attendance Registers	Not Achieved

								are being dealt with via political structures in the current year		
GPP 22	**OMM 24**	Number of Council meetings held.	4	16	4	12	According to the council calendar, three meetings are to sit in a quarter	Amend the target according to the SDBIP	Attendance Registers	Achieved
GPP 24	**OMM 25**	Number of Audit committee meetings held	4	4	4	4	N/A	N/A	Attendance Register & Agenda	Achieved
GPP 25	**OMM 26**	Number of Municipal Public accounts committee meetings held	4	9	4	4	N/A	N/A	Attendance Register & Agenda	Achieved
GPP 26	**OMM 27**	Number of Internal audit reports presented to the Audit committee	4	4	4	4	N/A	N/A	Audit committee minutes adopting internal audit reports	Achieved
	OM	Quarterly review of A.G Action	4	8		4	N/A	N/A	Council resolution adopting	Achieved

	M 28	Plan by Council			4				the Quarterly reviewed action plan	
	O M M 29	Table 2017/18 Annual draft Report at Council by 25 January 2019	25 - Jan -18	25-Jan-18	25-Jan-19	24-Jan-19	N/A	N/A	Council resolution	Achieve d
GPP 27	**O M M 30**	Date of One Oversight reports compiled by 31 March 2019	31 - Ma r-18	31-Mar-18	31-Mar ch-19	31-Mar-19	N/A	N/A	Oversight report	Achieve d
	O M M 31	Number of quarterly progress reports on implemen tation of B2B submitted to national COGTA	12	12	12	12	N/A	N/A	Acknowled gement of receipt/'Pr oof of submission s	Achieve d
	O M M 32	Number of monthly progress reports on implemen tation of B2B submitted to provincial COGTA	4	4	4	4	N/A	N/A	Acknowled gement of receipt/'Pr oof of submission s	Achieve d

LOCAL ECONOMIC DEVELOPMENT (SERVICE DELIVERY)										
	OMM 33	Number of jobs created through LED/EPWP initiatives by 30 June 2019	N/A	N/A	500	1045	The demand and the unemployment rate caused an increase in the number of jobs created	To set a realistic target in the next financial year	Reports	Over Achieved
COMMUNITY AND SOCIAL SERVICES DEVELOPMENT										
	OMM 34	Number of Local Aids Reports submitted to council by 30 June 2018	4	1	4	2	The vacant position of the Manager in the Special Programmes unit after the second Quarter.	Fill the vacant position.	Council Resolution	Not achieved
	OMM 35	Training of ward youth forum	N/A	N/A	30-Sep-18	30-Sep-18	N/A	N/A	Attendance register	Achieved
	OMM 36	Date of establishment of youth council	N/A	N/A	30-Sep-18	12-Sep-18	N/A	N/A	Attendance register and the names of the council members	Achieved
	OMM 37	Date of review of Mandeni youth development strategy	N/A	N/A	31-Mar-19	Not achieved	This program was not achieved due to budget being affected by the municipal adjustme	Proper planning for the next financial budget	Council resolution	Not achieved

							nt process			
	OMM 38	Date of career expo	N/A	N/A	31-Mar-19	31-Mar-19	N/A	N/A	Attendance register	Achieved
	OMM 39	Date of entrepreneurial workshop	N/A	N/A	30-Jun-19	14-Jun-19	N/A	N/A	Attendance register	Achieved
	OMM 40	Date of artists development programme/talent search	N/A	N/A	30-Sep-18	30-Sep-18	N/A	N/A	Attendance register	Achieved
	OMM 41	Date of Youth Month celebration	N/A	N/A	30-Jun-19	29-Jun-19	N/A	N/A	Letter of request from wards	Achieved
	OMM 42	Date of youth HIV/AIDS and Social ills Awareness Campaigns	N/A	N/A	30-Mar-19	30-Mar-19	N/A	N/A	Permission letters	Achieved
	OMM 43	Hosting of two annual senior citizen's sports events (Golden Games) conducted by the end of Q1	N/A	N/A	30-Sep-18	28-Aug-18	N/A	N/A	Planning meeting invitation, internal communication in request of transport assistance and Attendance registers	Achieved

	OMM 44	Sports tournament for people with disabilities to be held on 31 December 2018	N/A	N/A	31-Dec-18	07-Dec-18	N/A	N/A	Attendance Register	Achieved
	OMM 45	Number of sports forums conducted	N/A	N/A	2	2	N/A	N/A	Attendance registers	Achieved
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										
MID 01	OMM 46	Date of adopting the reviewed policies by council 30 June 2019	30-Jun-18	30-Jun-18	30-Jun-19	30-May 19	N/A	N/A	Council resolution	Achieved
	OMM 47	Reviewed and adopted Municipal delegation Framework by Council by 30 June 2019	31-Mar-18	Not Achieved	30-Jun-19	27-Sep-18	N/A	N/A	Council resolution	Achieved
	OMM 48	Reviewed and adopted Organogram by 31 May 2019	31-Mar-18	30-May-18	31-May-19	30-May-19	N/A	N/A	Council resolution	Achieved
	OMM 49	Monitoring the functioning of ICT Steering Committee by conducting 4 Steering Committee	4	4	4	3	The meeting did not sit in Quarter 2 due to the vacant post of the IT Manager	N/A	Agenda, Minutes and Attendance Registers	Not achieved

		meetings by 30 June 2019								
MID 19	**OMM 50**	Date of advertising the Top Layer 2018/19 SDBIP by 31 July 2018	31-Jul-17	27-Jun-17	31-July-18	26-Jun-18	N/A	N/A	Copy of Advert	Over Achieved
MID 20	**OMM 51**	Number of performance agreements to be signed by 14 August 2018	5	5	4	6	N/A	N/A	Copy of Performance Agreements	Achieved
MID 21	**OMM 52**	Number of MANCO meetings held	12	26	12	10	MANCO did not sit during November as the meeting was reserved for management training and the December meeting was reserved for TOP MANCO	Incorporate this item in an ordinary MANCO meeting	Agenda, Minutes and Attendance Registers	Not achieved
	OMM 53	Number of Top MANCO meetings held	N/A	N/A	12	15	Top MANCO sits three times a month as per council calendar, the target should be 9 and not 1	Amend Target.	Attendance Registers.	Achieved

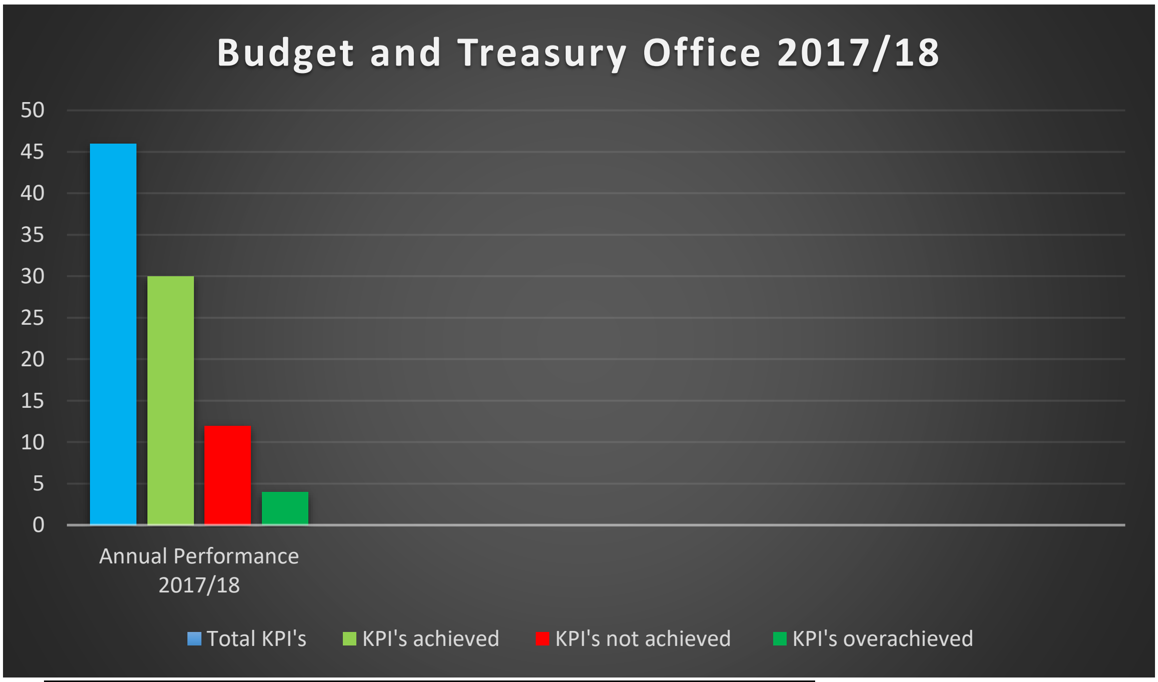
MID 23	**OMM 54**	Number of progress reports on implementation of performance plans by managers submitted to HOD's	36	0	36	14	The vacant position for manager special programmes unit hindered the implementation of the performance report	Managers to be reminded on the importance of submitting these progress reports.	PMS monthly performance plans	Not Achieved
	OMM 55	Date of submission of managers performance plans to HOD's	N/A	N/A	30-Jun-19	30-Jun-19	N/A	N/A	Manager's Performance Plan's	Achieved
MID 25	**OMM 56**	Number of feedback reports to communities of targets achieved, not achieved and corrective action	4	1	2	6	In order to cover all wards, there were more than just 1 engagement with the public.	Amend the target to more than just 1.	Feedback Reports	Over Achieved
MID 26	**OMM 57**	Number of quarterly performance assessments to be conducted by 30 JUNE 2019.	4	1	2	0	The busy schedule of the relevant panel made it impossible to hold the assessment due to governm	The PMS unit will conduct the assessment once the AG concludes	Attendance registers	Not achieved

							ent elections	their auditin g process		
MID 28	**O M M 58**	Date of adopting the revised scorecards by 28 February 2019	28-Feb -18	28-Feb-18	28-Feb -19	28-Feb-19	N/A	N/A	Council Resolution	Achieve d

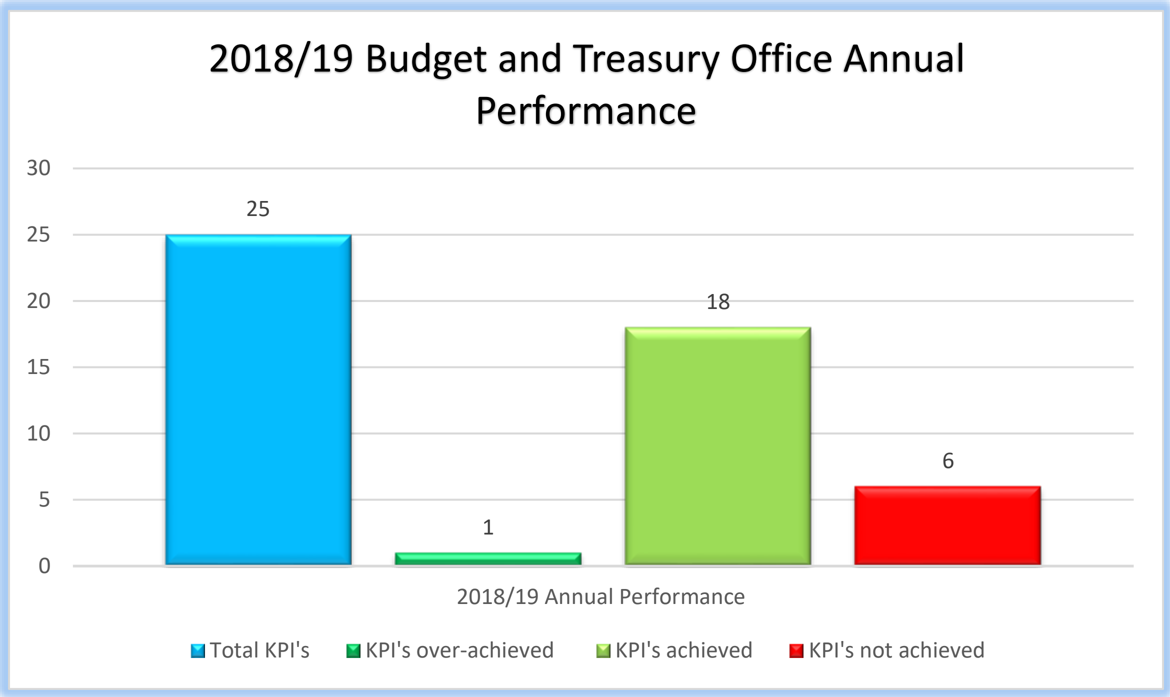
5.2. BUDGET AND TREASURY OFFICE

The Budget and Treasury Office is a municipal department that was established in terms of Chapter 9 of the Municipal Finance Management Act No. 56 of 2003 (MFMA). Its major role is to administer municipal funds, advise the accounting officer and other departments of their role in terms of this Act and to perform budgeting, accounting, analysis, financial reporting cash management, debt management, supply chain management, financial management, review and other duties.

Below are the graphs representing the performance of the Budget and Treasury Office in the 2017/18 and 2018/19 financial years.



Total KPI’s	46
KPI’s Achieved	30
KPI’s not achieved	12
KPI’s overachieved	4



	Number of KPI's	Percentage of KPI's
Total KPI's	25	100%
KPI's over-achieved	1	4%
KPI's achieved	18	72%
KPI's not achieved	6	24%
Overall KPI's achieved	**19**	**76%**

The Budget and Treasury Office has a total of 25 KPIs. The department achieved 18 targets and 1 target was over achieved. However, 6 KPI's were not achieved. This translates to an overall achievement of 76% in this department.78% of debt was collected during the 2018/19 financial year. This was an over-achievement as the target was 68%.

2018/19 BUDGET AND TREASURY OFFICE SCORECARD										
IDP POE REF	SDBIP REF	Key performance indicator 2018/19	2017/18		2018/19		Reason for variance	Corrective Measure	Portfolio of Evidence	Achieved/Not achieved
			TARGET	ACTUAL	TARGET	ACTUAL				
FINANCIAL VIABILITY AND MANAGEMENT (SOUND FINANCIAL MANAGEMENT)										
FVM 01	BTO 01	Proper filing of documents and referenced working paper file	N/A	N/A	30-Jun-19	30-Jun-19	N/A	N/A	Acknowledgement of receipt	Achieved
FVM 02	BTO 02	Date of tabling the 2019/20 `Budget Process Plan	31-Aug-17	31-Aug-17	30-Aug-18	30-Aug-18	N/A	N/A	Council Resolution Budget Process Plan	Achieved
	BTO 03	Preparation and submission of Mscoa compliant budget and submit to council by 31-May-19	31-May-18	30-May-18	31-May-19	31-May-19	N/A	N/A	Council Resolution Budget Process Plan	Achieved
	NTO 04	Incurred 0% irregular, wasteful, fruitless and unauthorized expenditure	N/A	N/A	0%	80%	Expired contract	Two tenders have been out that were identified during last year's audit. A	FPC report	Not achieved

								reminder will be circulated to all Top MANCO of all contracts that are about to expire.		
FVM 08	**BTO 05**	Percentage spent quarterly on all BTO conditional grants as per terms and conditions	100 %	85%	100%	88%	The following grants have not been fully spent for INEP and NDPG Grant as allocated. NDPG low spending was due to non-performance by the service provider that was appointed	Review the turnaround strategy for improving performance of grant expenditure	Grant summary	Not achieved
FVM 11	**BT 0 06**	To ensure payment of creditors within 30	100 %	100 %	100%	90%	Delays in receiving invoice from	Review the turnaround strategy for	Creditors age analysis	Not achieved

		working days from date of receiving invoice					Service Providers and some of them not signed by HOD's.	improving performance by ensuring that serving providers are being notified on time of the outstanding documents		
FVM 16	**BTO 07**	Number of physical assets verification performed and update asset register	2	2	4	2	This is due to challenges experienced with the system integration between Pastel Evolution and AMS 360 (physical verification system)	Finalise Testing of integration between pastel evolution and AMS360	Asset Control	Not achieved
FVM 17	**BTO 08**	Approved Indigent register by 30 June 2019	30-Jun-18	30-Jun-18	30-Jun-19	30-Jun-19	N/A	N/A	Indigent register	Achieved

FVM 19	BTO 09	% of debt collected	68%	83%	68%	78%	N/A	N/A	Circular 71 Uniform financial ratios and Norms	Over Achieved
FVM 26	BTO 10	To issue purchase orders within 5 working days from the date of receiving HOD approved requisition	N/A	N/A	100%	100 %	N/A	N/A	FPC monthly report	Achieved
FVM 27	BTO 11	To award tenders within 90 working days from the date of receiving specification from the end-user department	N/A	N/A	100%	50%	Not Achieved due to non-sitting of Bid Committees	Develop a calendar for Sitting of Committees	SCM Reports	Not achieved
FVM 30	BTO 12	Number of contract and commitment register updates performed Quarterly Updated contract register	4	4	4	4	N/A	N/A	Contract register	Achieved

FVM 31	**BTO 13**	Number of monthly section 71 reports compiled	12	12	12	12	N/A	N/A	Monthly Reports	Achieved
FVM 34	**BTO 14**	Number of IYM submissions	12	12	12	12	N/A	N/A	Acknowledgement email by NT	Achieved
FVM 36	**BTO 15**	Section 72 reports submitted to Council by 25 January 2019	25-Jan-18	25-Jan-18	25-Jan-19	25-Jan-19	N/A	N/A	Council Resolution	Achieved
FVM 37	**BTO 16**	Quarterly section 52 reports compiled	4	4	4	4	N/A	N/A	Section 52	Achieved
FVM 38	**BTO 17**	Submission of GRAP compliant AFS by 31-August-18	30-Aug-18	31-Aug-18	31-Aug-19	31-Aug-19	N/A	N/A	Acknowledgement by AG	Achieved
	BTO 18	Debt covered in ratio: total operational revenue less operational grants divided by debt service payment due within financial year	N/A	N/A	2:1	2:00	N/A	N/A	Ratios	Achieved

	BTO 19	Outstanding service debtors to revenue ratio: total outstanding service debtors divided by annual revenue from services	N/A	N/A	1:1	03:01	N/A	N/A	Ratios	Achieved
	BTO 20	Cost coverage ratio: available cash plus investments divided by monthly fixed operating expenditure	N/A	N/A	3	3	N/A	N/A	Ratios	Achieved
GOOD GOVERNANCE AND PUBLIC PARTICIPATION (GOOD GOVERNANCE AND PUBLIC PARTICIPATION: PUTTING PEOPLE FIRST)										
	BTO 21	Date of adopting reviewed Financial delegations	30-Sep-17	Not achieved	30-Sep-18	30-Sep-18	N/A	N/A	Minutes & Agenda	Achieved
	BTO 22	Number of progress reports on implementation of Risk Management submitte	4	4	4	4	N/A	N/A	Attendance Registers and updated Risk Register	Not achieved

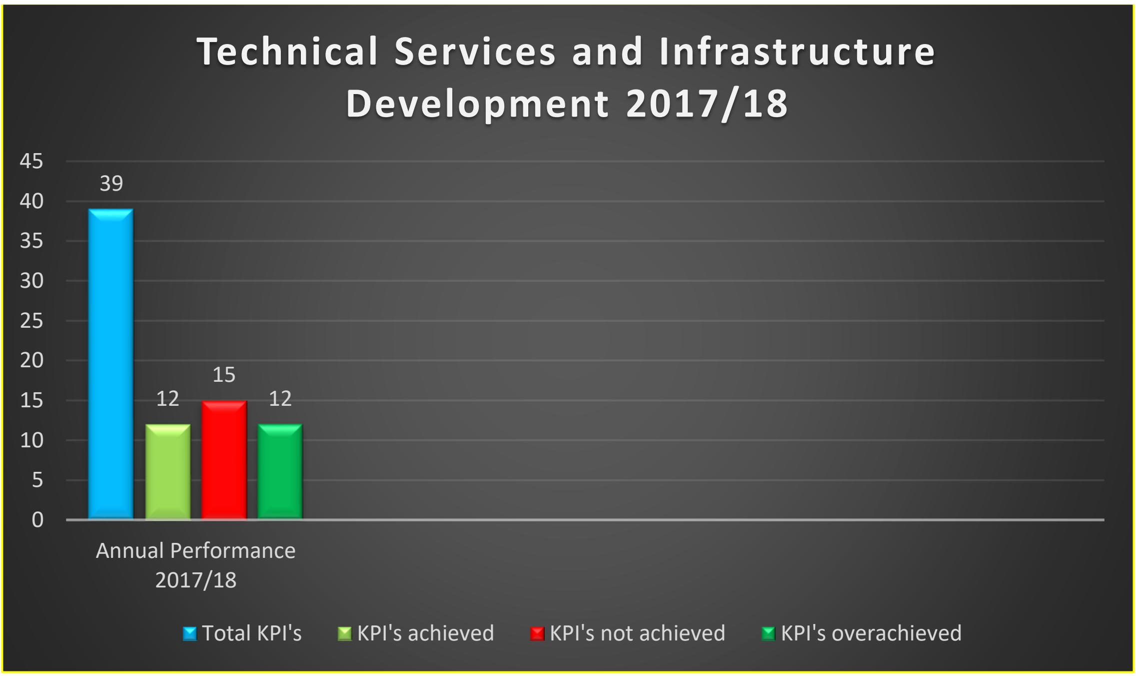
		d to Risk Management Unit by 30 June 2019								
	BTO 23	Quarterly review of A.G Action Plan by Council	N/A	N/A	4	4	N/A	N/A	Council resolution adopting the Quarterly reviewed action plan	Achieved
Municipal Transformation and institutional development										
	BTO 24	Number of progress reports on implementation of performance plans by managers submitted to HOD's	N/A	N/A	18	18	N/A	N/A	PMS monthly performance plans	Achieved
	BTO 25	Date of submission of managers performance plans to HOD's	N/A	N/A	30-Jun-19	30-Jun-19	N/A	N/A	Manager's Performance Plan's	Achieved

5.3. TECHNICAL SERVICES AND INFRASTRUCTURE DEVELOPMENT

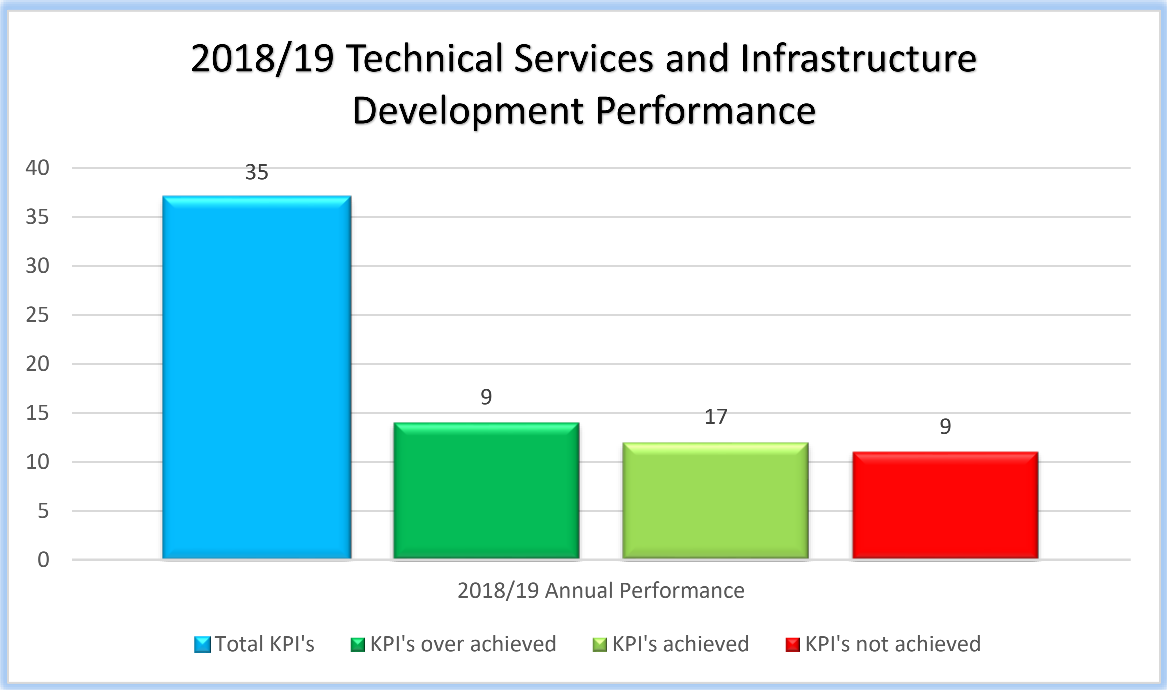
The Technical Services Department (TSD) is primarily responsible for the maintenance, upgrade and provision of new municipal infrastructure assets and service delivery. It consists of the following divisions:

- Technical Administration/Planning and Projects (PMU);
- Roads and Storm Water Repairs and Maintenance;
- Municipal Buildings Repairs and Maintenance (Works);
- Electricity Distribution, Street Lighting, Installation and Mechanical Workshop.

Below are the graphs representing the performance of the Technical Services and Infrastructure Development Department in the 2017/18 and 2018/19 financial year.



Total KPI's	39
KPI's achieved	12
KPI's not achieved	15
KPI's overachieved	12



	Number of KPI's	Percentage of KPI's
Total KPI's	35	100%
KPI's over-achieved	9	25%
KPI's achieved	17	49%
KPI's not achieved	9	26%
Overall KPI's achieved	**26**	**74%**

Technical Services and Infrastructure Development department had a total of 35 KPIs. Overall, the department achieved 26 targets. This translates to an overall achievement of 74%. 9 KPI's were not achieved. 328 households were provided with electrification infrastructure in ward 8 and 315 in ward 9. Moreover, 4.4 km's of roads were upgraded in Highview Park in Ward 3. Construction of 1 multi-purpose hall took place in ward 5 was achieved on the 12th of June 2019.

TECHNICAL SERVICES & INFRASTRUCTURE DEVELOPMENT: 2018/19 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (DEPARTMENTAL SCORECARD)										
SDBIP REF	SDBIP REF	Key performance indicator	2017/18		2018/19		Reason for Variance	Corrective Measures	Portfolio of Evidence	Achieved/Not achieved
			Target	Actual	Target	Actual				
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (SERVICE DELIVERY: CREATING CONDITIONS FOR DECENT LIVING)										
BSD/TSID01	TSID 01	Number of energy forum meetings to be held by 30 June 2019	1	1	1	1	N/A	N/A	Notice, Attendance Register and Minutes of Meeting	Achieved

BSD/TSID02	TSID 02	Number of households to be provided with electrification infrastructure (Dry Connections) and ready for connection by 30 June 2019	287	298	287	328	The contractor increased the number of teams at Nyathini Electrification to complete the project. Also, more newly built households were identified during the implementation of the project. Additional 21 Households were achieved in the 2018/2019 FY and a further 20 was achieved in the 2017/2018 FY but was reported in the 2018/2019 FY	N/A	Signed Report by the consultant	Over achieved

BSD/TSID03	TSID 03		260	43	260	315	The contractor increased the number of teams at Nyathini, Lambothi, Wangu Electrification to complete the project, however the project commenced in the 2017/2018 FY and was completed in the 2018/2019 FY. The increase from 260 households target to 315 households target achieved and the increase in achievement was due to additional work completed in current year to cater for the previous FYs deficit.	N/A		Over achieved

BSD/TSID04	TSID 04	Number of New Streetlights (540) to be installed in all municipal wards (18) in Mandeni by 31 March 2019	540	345	540	487	Recently constructed structures such as homes and roads on site inhibit the conductor stringing and pole planting in certain spots. Community request change in certain pole positions. The project has challenges with regards to theft of material in cluster 1 and 2 and the contractor keeps going back to redo the work that has already been done. Also, poor performance by contractor.	Contractor to resume works and complete the remaining 53 lights in the 2019/20 financial year and to order the outstanding material required for the replacement of the stolen material. Finalize additional designs and repositions. Liaise with the ward councillors and police to minimize theft	Progress report	Not achieved
	TSID 05	Construction of sidewalks by 31 March 2019	N/A	N/A	31-Mar-19	25-Feb-19	N/A	N/A	Completion certificate	Over achieved

BSD/TSID07	TSID 06	Construction for Nyoni Phase 3 under-pass by 30-Jun-19	N/A	N/A	30-Jun-19	Not Achieved	The budget for the project was initially approved in 2011 and delays on approval by relevant authorities (DOT and Transnet) resulted in escalation costs. Additional Funding was requested from MIG and it was not approved hence the request was made to DoHS and additional funding was obtained in October 2018.	The project will be complete in the 2019/2020 FY. The consultant has established a site and in final stages of negotiation	Progress report	Not achieved

BSD/TSID08	TSID 07	Appointment of Contractor for the Construction of the Nyoni Taxi Route Phase 4 by 30 June 2019	N/A	N/A	30-Jun-19	20-Nov-18	The project implementation was brought forward due to the stalling of the Ward 13 hall project because of land disputes, in replacement of the ward 13 hall project. The project is a turnkey project implemented through an Implementing Agent who is responsible for planning and construction.	N/A	Appointment letter	Over achieved
BSD/TSID 12	TSID 08	Contractor appointment for upgrade and improvement of Enembe Road in wards 7,13,14 and 15 by 30-Jun-19	N/A	N/A	30-Jun-19	14-Mar-19	Due to the Ward 13 hall being on hold due to land legal issues, the implementation of the Enembe Road project was brought forward to optimise grant expenditure.	N/A	Appointment letter	Over achieved

BSD/TSID09	TSID 09	Completion of 4.4 km of roads to be upgraded in Highview Park Ward 3 by 31 March 2019	N/A	N/A	4.4km	4.4km	N/A	N/A	Practical completion certificate/ and pictures	Achieved
BSD/TSID15	TSID 10	Number of m^2 potholes repaired on urban roads	1500m²	2241.50 m²	2000m²	1936.29m²	The target was not achieved due to the fact that there was service delivery strikes in the Mandeni Municipality during the 3rd quarter resulting in the target of 400 not being met. The difference between 309 achieved and the 400 planned is the reason for the variance. The service delivery strikes resulted in staff not being able to be on site to perform the pothole repairs.	This is an unplanned occurrence and beyond the control of the municipality.	Measurement Reports	Not achieved

BSD/TSID 13	TSID 11	463 m of guard rails to be constructed by 30 June 2019	N/A	N/A	463m	463m	N/A	N/A	Measurement Reports	Achieved
BSD/TSID14	TSID 12	400 m of concrete v-drains to be constructed by 30 June 2019	400m	196m	400m	369m	The maintenance of concrete channels was done using internal teams instead of outsourcing which resulted in the under achievement because of the limited human resources under the roads and stormwater unit.	In the next financial year it will be considered to outsource the work so that it will maximize production to be able to reach the set target goals.	Measurement Reports	Not achieved

BSD/TSID18	TSID 13	Number of headwalls to be constructed by 30 June 2019	N/A	N/A	25	35	Initially for both Q1 and Q2 we used internal teams and in Q3 we outsourced and the contractor completed 25 additional headwalls which drastically enhanced our achievement hence the over achievement for the year	N/A	Measurement Reports	Over achieved
BSD/TSID19	TSID 14	Fencing of substation in Ward 3, Patrys Road by 30 June 2019	N/A	N/A	30-Jun-19	Not Achieved	Budget was cut due to the reprioritization by the Municipality during the budget adjustment. The target was the 4th quarter however could not be achieved due to the reprioritisation process	Recommendations were made for the project to be considered in the new financial year.	Completion certificate	Not achieved

BSD/TSID20	TSID 15	Replacement of RMU in ward 3, Patrys Road by 30 June 2019	N/A	N/A	30-Jun-19	27-Jun-19	N/A	N/A	Purchase order of Replacement RMU/Installation date	Achieved
BSD/TSID21	TSID 16	Number of kilometres of rural gravel roads repaired and maintained in-house by 30 June 2019	250km	239.195km	250km	324.9km	There was additional plant hired due to the high demand for all quarters. The reason was to facilitate the access to voting stations and voter registration offices which occurred throughout the election year	N/A	Measurement Reports	Over achieved
BSD/TSID22	TSID 17	Construction Multipurpose hall in Ward 13 completed by 30 June 2019	30-Jun-18	Not achieved	30-Jun-19	Not Achieved	Unresolved land disputes have put the project to a stop	The project was delayed and the municipality referred the matter to court for judgement.	Practical completion certificate	Not achieved

BSD/TSID06	TSID 18	Construction of 1 Multi- purpose Hall in W5	N/A	N/A	30-Jun-19	12-Jun-19	N/A	N/A	Practical completion certificate	Achieved
BSD/TSID23	TSID 19	Practical Completion of Construction of Access No.1 and P459 by 30 November 2018 (Neighbourhood Development Grant)	N/A	N/A	30-Jun-19	Not Achieved	Access No 1 is an NDPG funded project. Due to poor performance by the contractor, their contract was terminated and the municipality had to re- advertise to appoint a new contractor	The project went to re-tender and a new contractor was appointed	Progress report, Letter of Termination for Magubane Plant Hire, Letter of Appointment for Barleda Plant & Civils	Not achieved
FINANCIAL VIABILITY AND MANAGEMENT (SOUND FINANCIAL MANAGEMENT)										
FVM/TSID25	TSID 20	Date of completing draft Departmental Budget estimate document	31-Mar-18	15-Feb-18	31-Mar-19	31-Mar-19	N/A	N/A	Budget estimate document	Achieved

FVM/TSID26	TSID 21	100% expenditure on MIG funding by 30 June 2019	100%	99.90%	100%	100%	The reports are not signed but supported by e-mails from COGTA where they indicate that they have not sent out reports	N/A	MIG Certificate of Expenditure and revenue	Achieved
GOOD GOVERNANCE AND PUBLIC PARTICIPATION (GOOD GOVERNANCE AND PUBLIC PARTICIPATION:PUTTING PEOPLE FIRST)										
GGPP/TSID28	TSID 22	Completed quarterly PMS information (POE File And signed scorecard) submitted to Municipal Manager.	4	4	4	4	N/A	N/A	Signed Letter from PMS Manager	Achieved
GGPP/TSID 30	TSID 23	Completed quarterly risk reports	3	3	4	4	The risk management committee or the internal risk committee sat during the year. The first 2 quarters relate to internal meetings but quarter 3 and 4 relate to the risk management committee meeting. We held the 4th quarter meeting in the month of	In the future the target will be set as 3 to exclude the meeting that sits after the end of June each year	Report and Attendance Register	Achieved

								August 2019 as the meeting sits only after the end of the quarter			
GGPP/TSID 31	TSID 24	Respond to internal audit queries within 48 hours	4	4	4	4	N/A	N/A	Signed Letter from Internal Audit	Achieved
GGPP/TSID32	TSID 25	No. of IT Steering Committee meetings attended per quarter by 30 June 2019	100%	100%	4	4	N/A	N/A	Agenda and Attendance Register	Achieved

GGPP/TSID	TSID 26	Quarterly review of A.G Action Plan by Council	N/A	N/A	2	2	This indicator is only applicable for quarter 3 and 4 as the AG only officially issues the Audit report and Management report in January and hence tabled quarterly	N/A	Council/EXCO resolution adopting the Quarterly reviewed action plan	Achieved
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										
MTID/TSID33	TSID 27	Policies requiring review submitted to CS for presentation to the council policy review session.	30-Jun-18	19-Feb-18	30-Jun-19	07-May-19	Inputs that were required from Technical Services for the SCM policy review were submitted to CFO as per decision of the MANCO.	N/A	Draft Policies and Transmittal to CS	Over achieved
MTID/TSID34	TSID 28	Date of Submission of the Departmental Organogram to CS for inclusion in the Overall Municipal Organogram by 30 June 2019	30-Jun-18	13-Feb-18	30-Jun-19	01-Apr-19	N/A	N/A	Draft Organogram and Transmittal to CS	Over achieved

BSD/TSID11	TSID 29	Practical Completion of the Reception and Council Chambers by 31 December 2018	31-Dec-17	Not achieved	31-Mar-19	14-Apr-19	There was a delay that resulted from a contractual dispute between the municipality and the project managers. Practical completion achieved for the reception and council chamber on 17 April 2019 (Quarter 4) whilst practical completion for audio visual and aircons were completed in June 2019. The target was deemed achieved in April as the hall was available for use	N/A	completion certificate	Achieved

BSD/TSID10	TSID 30	Construction of the parking and retaining wall at the main municipal offices in ward 3 by 30 June 2019 (Package B Civic Centre Upgrade)	30-Jun-18	Not achieved	30-Jun-19	Not Achieved	There was a delay in the site hand over. Public protests and interference by the Business Forum had a negative effect on the project progress. Furthermore, there was delays caused by contractor cash flow problems, work stoppage on site by safety consultants and concrete arriving on site without the contractor being ready for pouring	Due to interventions by the municipality and the political leadership on issues relating to the Business Forum, the project is scheduled to be completed in the first quarter of the new financial year. Other issues relating to safety have been resolved with the contractor and the concrete issue was historical and corrected	Practical completion certificate - not available as work is not finalised. The municipality thus provided a progress report	Not achieved

MTID/TSID37	TSID 31	Number of Municipal Plant and Equipment Serviced by Target date	4	4	8	8	The evidence contained within the file for quarter 2 and quarter 4 varies. The reason for this is that is quarter 2 we had an internal mechanic whilst in quarter 4 we outsourced the job. This is undertaken resignation of the mechanic	N/A	Job Cards signed by Mechanic	Achieved
MTID/TSID38	TSID 32	Number of Municipal Trucks COF by Target date	10	10	11	11	N/A	N/A	COF certificate and Job Cards signed by Mechanic	Achieved
GGPP/TSID	TSID 33	Number of progress reports on implementation of performance plans by managers submitted to HOD's	N/A	N/A	2	1	The PMU manager signed the performance plan during the fourth quarter, hence a progress report for the fourth quarter was only submitted.	Ensure that the performance plan is signed early as a planning document to allow for timeous reporting of progress	Quarterly performance report	Not achieved
GGPP/TSID	TSID 34	Date of submission of manager's performance report to HOD	N/A	N/A	30-Jun-19	30-Jun-19	N/A	N/A	Manager's Performance Report	Achieved

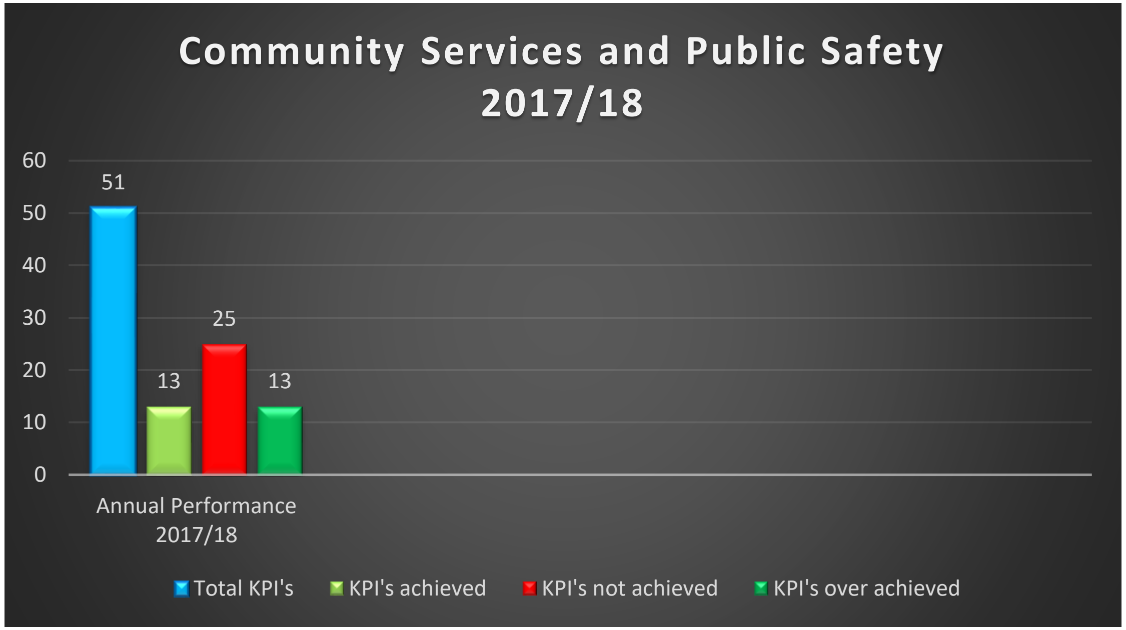
GGPP/TSID	TSID 35	Date of IDProgSC meeting to be held in Q2	N/A	N/A	31-Dec-18	02-Nov-18	N/A	N/A	Attended register	Achieved

5.4. COMMUNITY SERVICES AND PUBLIC SAFETY

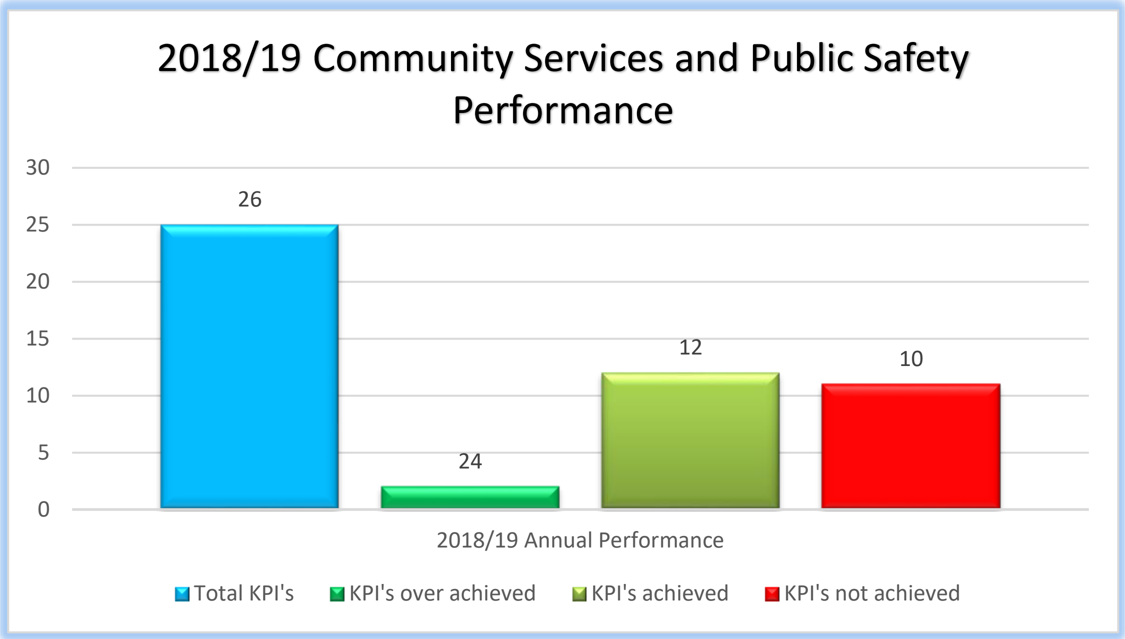
The community Services Department is primarily responsible for the social wellbeing of the community. It comprises the following sections:

- Library Services;
- Parks, Verges and Gardens Community Facilities;
- Community Development;
- Public Safety
- Fire and Rescue Services and Disaster Management;
- Security Services;
- Cemeteries & Crematoria;
- Waste Management.

Below are the graphs representing the performance of the Community Services and Public Safety Department during the 2016/17 and 2017/18 financial years.



Total KPI’s	51
KPI’s achieved	13
KPI’s not achieved	25
KPI’s over-achieved	13



	Number of KPI’s	Percentage of KPI’s
Total KPI’s	26	100%
KPI’s over-achieved	4	16%
KPI’s achieved	12	46%
KPI’s not achieved	10	38%
Overall KPI’s achieved	**16**	**62%**

The Community Services and Public Safety Department has a total of 26 KPI’s. Overall, 16 out of the 26 KPI’s were achieved. This resulted in a 62% achievement overall for the department. There was an overachievement of 4 KPI’s. 10 KPI’s were not achieved. 300 chairs were bought for Isibusisiwe Hall.

COMMUNITY SERVICES AND PUBLIC SAFETY 2018/19 SDBIP										
IDP/ POE REF	SD BIP REF	Key performance indicator 2018/19	2017/18		2018/19		REASON FOR VARIANCE	CHALLENGES/CORRECTIVE MEASURES	Portfolio of Evidence	Achieved/Not achieved
			Target	Actual	Target	Actual				
BASIC SERVICE DELIVERY										
BSD 01	CS SD 01	Number of households having access to monthly refuse removal by 30 June 2019	22 000	21 096	22000	20779	At the beginning of the financial year under review it was projected based on the budgeted amount that a total of 20 waste skips would be purchased. This would have resulted in providing service to 4000 additional communal households. However, this was not achieved due to unavailability of the said budget and the public protests experienced during the 3rd Q & 4th Q	Due to the Municipality having no control over the in-migration and out-migration of household's owner; there is a little if any that the Municipality may do to make residents to stay permanently in Mandeni	Map of MLM communal skips showing allocation and a total number of households.	Not achieved

							whereby the marchers burnt and damaged skips.			
BSD 02	CS SD 02	Number of households with access to refuse removal at least once a week	4431	4908	4431	4731	The over-achievement was caused by the households that were vacated, which are now being occupied.	Over achieved and planning for annual target for next year will consider the new households occupied	Waste collection plan and register	Over achieved
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
FVM 05	CS SD 03	% of expenditure of departmental spent, as at 30 June 2019	100%	65.83%	100.00%	98.21%	Delays in the procurement of supplies and materials caused by delays by service providers. However this was offset by overspending of security	To monitor contracts of service providers in terms of timely provision of supplies and material. However, we have also had to overspend on. We have also reduced the number of security guards and adjusted the security tender	Statement of comprehensive income	Not achieved

FVM 07	CS SD 04	% spent on conditional grant applicable to the CSPSD, as at 30 June 2019	100 %	84, 92%	100.00%	85.30%	The under achievement was caused by the delay of the appointment of the Services Provider for upgrading Isithebe Modular Library	Ensure that the Services Providers be appointed in time in the new financial year.	Grants summary expenditure report	Not achieved
GOOD GOVERNANCE AND PUBLIC PARTICIPARTION										
GGP P 01	CS SD 05	Number of portfolio committee monthly meetings held by 30 June 19	10	9	10	8	Due to National Elections held and Public Protest Portfolio Committee meetings were postponed during the months of April and May	Reports of the meetings that were supposed to be held during the elections period be consolidated and presented on the following meetings. The elections were once off event and will not affect the achievement of this target in the future	Attendance registers of meetings attended	Not achieved
GGP P 04	CS SD 06	Number quarterly Audit committee meetings attended	4	2	4	3	The HoD had other competing activities to attend to in quarter 2 however he submitted an apology	The HoD must delegate a Manager to attend on his/her absence.	Attendance registers of meetings attended	Not achieved

GGP P 07	CS SD 07	Number of progress reports to risk management unit on implementation of risk management plans submitted	4	3	4	4	The meeting for quarter 2 was a combined meeting in quarter 3 whilst 2 meetings were held in quarter 4 to deal with risk formation for the new year and final risk committee meeting in August 2019	None	Attendance register	Achieved
GGP P 08	CS SD 08	Number of MPAC meetings attended	4	1	4	4	N/A	N/A	Attendance register	Achieved
GGP P 09	CS SD 09	Number of IT Steering Committee Meetings attended	N/A	N/A	4	3	Due to non-filling of the vacant post for the IT Manager is was not possible to schedule the steering committee for the second quarter	The HoD of the Department must ensure that the workflow and sittings of meeting be held as schedule as per the Municipal Calendar	Attendance register	Not achieved
	CS SD 10	Quarterly review of A.G Action Plan by Council	N/A	N/A	2	3	Quarter 4 report to council was combined update as the meeting was not held in March and April	N/A	Council resolution adopting the Quarterly reviewed action plan	Achieved

							due to civil unrest			
LOCAL ECONOMIC DEVELOPMENT										
LED 01	CS SD 11	Number of CWP participants recruited by 31 March 2019	609	428	280	277	The POE contains lists and/or reports for quarter 1-3. Due to the past experience of a very slow pace of approval of beneficiaries by the Department of Cooperative Governance (DCoG), the planned target was made to be conservative. However, through pressurising DCoG and its Implementing Agent by both the Municipality, the Local Reference committee (LRC) and COGTA, it	To persuade DCoG and its Implementing Agent to facilitate the approval of the pending applications/beneficiaries.	List of appointed beneficiaries and reports submitted to CSPSPC	Not achieved

							was possible to achieve beyond the target for quarter 1-3. There was however slow progress for quarter 3 and quarter 4 approvals			
LED 02	CS SD 12	Number of Quarterly Local Reference committee meetings for implementation of CWP held by 30 June 2019	4	4	4	2	Due to election period the LRC meeting was not held in quarter 4.	The Acting HOD to ensure that the new date of the meeting is communicated to all relevant stakeholders.	Agenda /attendance register/ minutes	Not achieved
COMMUNITY AND & SOCIAL SERVICES DEVELOPMENT										
CSSD 01	CS SD 13	Number of library outreach events held.	4	16	12	9	Due to high level of absenteeism in schools after September, and final examinations preparations, quarter two and some quarter three outreach had to be cancelled	Align both municipal and Schools calendars take into cognisance that outreach programmes occurs according to outreach plan	Attendance registers	Not achieved

CSSD 03	CSSD 14	Number of reports submitted to Community Services and Public Safety portfolio committee on community safety by 30 June 2019	12	12	12	12	N/A	N/A	Reports submitted and to be submitted to CSPSPC	Achieved
CSSD 06	CSSD 15	Number of community education and awareness campaigns conducted	8	4	8	10	Overachievement was due to number of awareness campaign conducted. It was increased during festive season and also increase in winter to improve safety measures due to dry grade which can result in fires.	N/A	Reports submitted and to be submitted to CSPSPC (Ref CSSD02) for POE	Over achieved
CSSD 08	CSSD 16	Number of community education and awareness campaigns on fire safety	10	15	10	11	N/A	N/A	Attendance registers	Over achieved

		conducted.								
CSS D 10	CS SD 17	Number of Grass cutting services implemented	10	7	10	10	N/A	N/A	Grass-cutting schedule and Copies of invoices	Achieved
CSS D 11	CS SD 18	Procure 8 brush cutters by 31 March 2019	N/A	N/A	31-Mar-19	21-May-19	The requisition for procurement of brush-cutters was logged during the first Quarter as per the attached purchase order dated 08/08/2018, delays on the SCM process were experienced	To ascertain that the procurement processes are finalised within the targeted dates	Copy of a purchase order and Delivery Note	Achieved
CSS D 12	CS SD 19	Official opening of New Community Play park by 31 March 2019	N/A	N/A	31-Mar-19	Not Achieved	This was due to insufficient funds.	Technical Services is sourcing funds to complete the project.	Completion certificate	Not achieved

CSS D 13	CS SD 20	Number of Chairs bought for Isibusisi we Hall by 30 Septemb er 2018	N/ A	N/A	300	300	The problem arose as we needed an adjustme nt budget to obtain additional funds. The initial plan was to obtain in quarter 1 however there was cash flow challenge s in this regard	Adherence to procurement plan time frame by both the user department and the SCM Unit is vital for service delivery.	Copy of an invoice	Achieve d
CSS D 14	CS SD 21	Procure Isithebe hall furniture by 30 Septemb er 2018	N/ A	N/A	30-Sep-18	14-Dec-18	Delays in the procurem ent process	Adherence to procurement plan time frame by both the user department and the SCM Unit is vital for service delivery.	Copy of an invoice	Achieve d
CSS D 15	CS SD 22	Procure ment of Commun ity Facilities' washing machine by 30 Septemb er 2018	N/ A	N/A	30-Sep-19	14-Feb-19	The late submissio n of requisitio n to SCM by Communi ty services	Adherence to procurement plan time frame by both the user department and the SCM Unit is vital for service delivery.	Copy of an invoice	Over achieve d
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION										
MID T 02	CS SD 23	Date of develope d draft policies and by-laws And/or reviewed draft policies and by-laws approve d by	30-Jun -18	28-Jun-18	30-Jun-19	04-Jun-19	The POE used was the attendanc e register as the unit did not have any policies taken to council. The council	Remove KPI if no policies to be taken to council	Council resolutio n	Achieve d

		Council by 30 June 2019					resolution was not finalised as at date of reporting but will be available on request			
MID T 03	CS SD 24	Date of draft risk register develope d by 31 March 2019	N/ A	N/A	31-Mar-19	14-Mar-19	N/A	N/A	E-mail correspo ndence sent to Risk Unit and Risk register develope d.	Achieve d
MID T	CS SD 25	Number of progress reports on impleme ntation of perform ance plans by manager s submitte d to HOD's	N/ A	N/A	12	12	N/A	N/A	Monthly progress reports	Achieve d
MID T	CS SD 26	Date of submissi on of manager s perform ance plans to HOD's	N/ A	N/A	30-Jun-19	31-May-19	N/A	N/A	Manager 's Performa nce Plan's	Achieve d

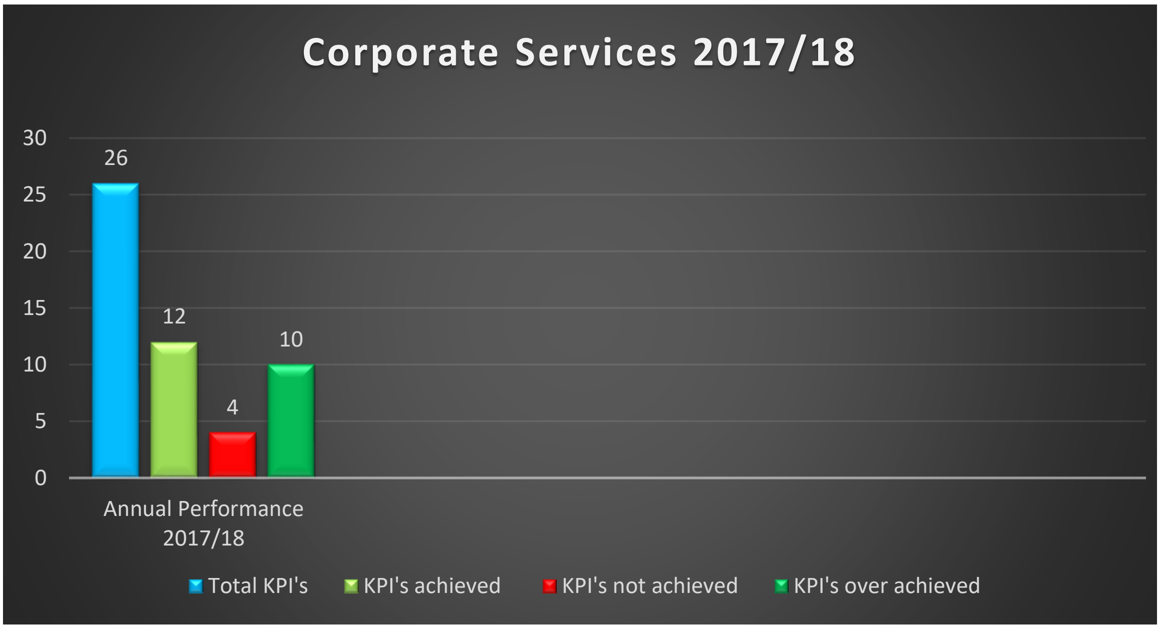
5.5. CORPORATE SERVICES

The Department of Corporate Services in headed by the Director: Corporate Services who is a section 57 employee according to the Municipal Systems Act of 2000. The corporate wing is mainly responsible for the following;

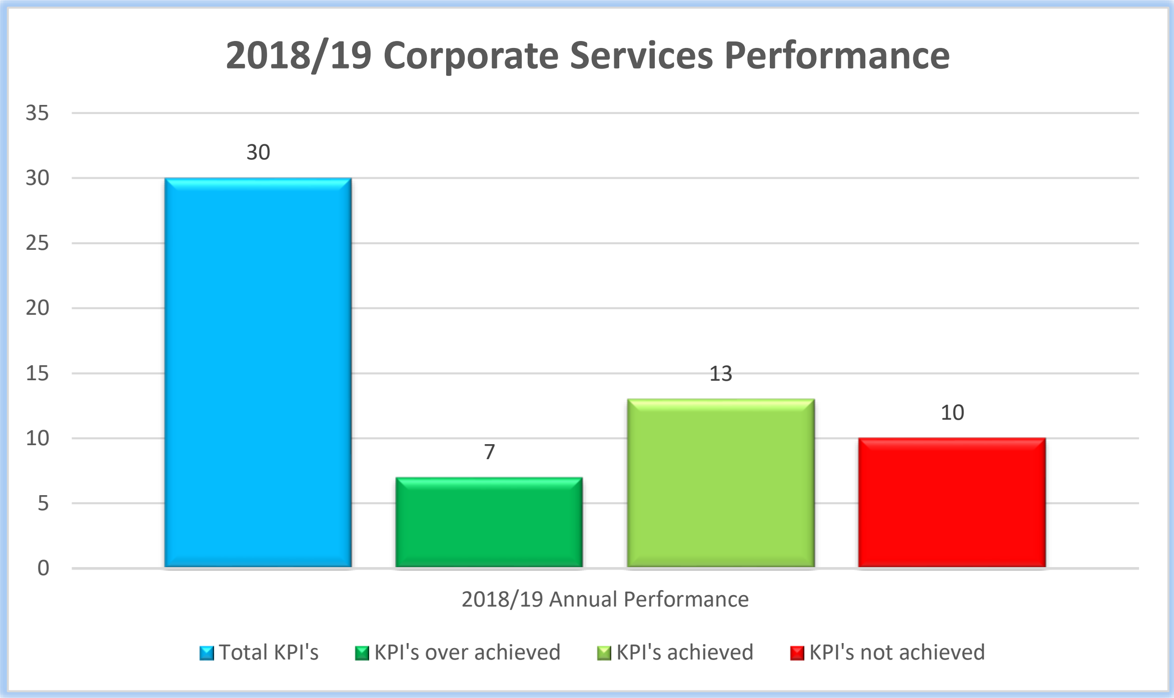
- Human Resources Management;
- General Administration;
- Information Technology;
- Committees; and
- Labour Relations.

The corporate services wing is fully capacitated and in a better position to respond to the current challenges confronting the municipality as outlines in the IDP.

Below is a graph of the performance of the Corporate Services Department in the 2017/18 and 2018/19 financial year.



Total KPI’s	26
KPI’s achieved	12
KPI’s not achieved	4
KPI’s over-achieved	10



	Number of KPI's	Percentage of KPI's
Total KPI's	30	100%
KPI's over-achieved	7	23%
KPI's achieved	15	50%
KPI's not achieved	8	27%
Overall KPI's achieved	**22**	**73%**

The Corporate Services Department had a total of 30 KPI's in the 2018/19 financial year. Overall, 22 KPI's out of 30 KPI's were achieved. This translates to and overall achievement of 73%. There was an overachievement of 7 KPI's. 8 KPI's were not achieved. 44 bursaries were provided to local matriculants. 85 employees were trained according to the WSP prescriptions .

2018/19 CORPORATE SERVICES DEPARTMENTAL SCORECARD										
IDP Ref	**SDBIP REF**	**KEY PERFORMANCE INDICATORS 2018/19**	**2017/18**		**2018/19**		**Reason for variance**	**Corrective Measure**	**Portfolio of Evidence**	**Achieved/ Not Achieved**
			Target	**Actual**	**Target**	**Actual**				
FINANCIAL VIABILITY AND MANAGEMENT										
FVM 01	CORP 01	Number of meetings on IDP & Budget 2019/20 review process attended by 30 June 2019	4	4	3	3	N/A	N/A	Attendance register from the IDP/Budget & PMS Representative Forum Meeting	Achieved
FVM 02	CORP 02	Purchase of Laptops and Computers by 30-Jun-19	N/A	N/A	30-Jun-19	30-Jun-19	N/A	N/A	Proof of Purchase/ Invoices	Achieved
FVM 03	CORP 03	Purchase of Furniture and Office Equipment by 30-Jun-19	N/A	N/A	30-Jun-19	30-Jun-19	N/A	N/A	Proof of Purchase/ Invoices	Achieved

FV M 04	COR P 04	Quarterly review of A.G Action Plan by Council	N/A	N/A	2	2	N/A	N/A	Council resolution adopting the Quarterly reviewed action plan	Achieved
GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
GG PP 01	COR P 05	Number of portfolio committee meetings held by 30 June 2019	45	81	35	38	N/A	N/A	Portfolio Committee Attendance registers	Achieved
GG PP 02	COR P 06	Number of Quarterly Internal Audit Responses provided to Internal Audit Unit by 30 June 2019	4	4	4	4	N/A	N/A	Confirmation letter from the Internal Audit Unit	Achieved

GG PP 03	COR P 07	Submit Performance Information (AOPI's) to PMS Unit 10 working days after each quarter	4	4	4	4	N/A	N/A	Letter of acknowledgement signed by the PMS Manager	Achieved
GG PP 04	COR P 08	Number of progress reports on implementation of Risk Management submitted to Risk Management Unit by 30 June 2019	4	4	4	4	N/A	N/A	Attendance register and updated risk register	Achieved
LOCAL ECONOMIC DEVELOPMENT										
LED 02	COR P 09	Provide Bursaries to 40 Local Matriculants in Q3	35	45	40	44	N/A	N/A	Minutes of meeting, attendance register, agenda	Over achieved
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										

MID T 01	COR P 10	Date of adopting the reviewed budget related policies by council	30-Jun-18	28-Jun-18	30-Jun-19	30-May-19	N/A	N/A	Attendance register, and Council Resolution	Over achieved
MID T 02	COR P 11	Date of adopting the 2018/19 IDP aligned organisational and departmental organograms.	30-Jun-18	30-May-18	30-Jun-19	30-May-19	N/A	N/A	Copy of the Approved Organogram by	Over achieved
MID T 03	COR P 12	Submission of the reviewed employment equity report by Q3 by 15 January 2019.	15-Jan-18	14-Dec-17	15-Jan-19	05-Dec-18	N/A	N/A	Proof of Submission from DoL	Over achieved
MID T 04	COR P 13	Number of meetings to be held for the Local Labour Forum 2 in each quarter	8	7	4	5	N/A	N/A	Attendance registers.	Achieved

MID T 05	COR P 14	Number of reports submitted to LPAHRPC on disciplinary case resolved and officials presently on suspension.	4	6	6	6	N/A	N/A	Attendance Register & Copy of the report.	achieved
MID T 06	COR P 15	Submit the WSP/ATR to SETA by 30 April 2019	30-Apr-18	30-Apr-18	30-Apr-19	30-Apr-19	N/A	N/A	Acknowledgement of receipt	Achieved
MID T 07	COR P 16	Number of employees to be trained according to the WSP prescriptions by 30 June 2019.	20	93	80	85	N/A	N/A	Attendance register and report from SDF officer	Achieved
MID T 08	COR P 17	Submit reports to LPAHRPC on Leave Management	8	7	6	6	N/A	N/A	Report sent to LPAHRPC on leave management	Achieved
MID T 09	COR P 18	Conduct four health and safety forums and Health and Safety Training	4	3	4	3	OHS Officer was appointed towards the end of quarter 3	N/A	Agenda, minutes, attendance register	Not achieved

MID T 10	COR P 19	Conduct 2 workshops on collective agreements and applicable legislation and policies by the 4th quarter	2	2	2	1	Workshop was scheduled but stakeholders did not attend.	Amend the KPI target to accommodate setbacks by setting targets earlier quarters in the FY.	Attendance registers	Not achieved
MID T 11	COR P 20	Ensure sitting of IT steering committee per quarter	4	4	4	3	The meeting didn't sit in Q2 due to the vacant post of the IT Manager.	N/A	IT steering committee agenda, minutes, register	Not achieved
MID T 12	COR P 21	Additional disk space on the Server by the end of 2018/19	30-Dec-17	28-Nov-17	30-Jun-19	Not achieved	These processes relied on DR site being upgraded first.	Once the DR site has been upgraded, additional space on space will be completed	Report on additional space on back-up server	Not achieved
MID T 13	COR P 22	Maintained and renewed Software licenses by 30 June 2019	30-Jun-18	29-Jun-18	30-Jun-19	Not achieved	SCM processes delayed awarding service provider. The quotation had a condition that that order had to be issued within 2 days due to R/S/H exchange rate fluctuation.	The project has since been carried over to the new FY	Report of licenses that have been renewed.	Not achieved
MID T 14	COR P 23	Upgrade of disaster recovery site	N/A	N/A	30-Jun-19	Not achieved	SCM delays. Requisitions were done but projects were not awarded by SCM.	The project has been carried over to the new FY	Signed project completion/invoices	Not achieved

MID T 15	COR P 24	Hardware equipment and network upgrade	N/A	N/A	30-Jun-19	01-Apr-19	N/A	N/A	Signed project completion/invoices	Over achieved
MID T 16	COR P 25	Implementation of Masters Systems Plan and ICT	N/A	N/A	30-Jun-19	12-Feb-19	N/A	N/A	Signed project completion/invoices	Over achieved
MID T 17	COR P 26	Number of monthly reports sent to the LPAHR Portfolio Committee by the 30th of June 2019	8	8	8	7	Due to National Elections held and Public Protest Portfolio Committee meetings were postponed during the months of April and May	Reports of the meetings that were supposed to be held during the elections period be consolidated and presented on the following meetings. The elections were once off event and will not affect the	Fleet Report, agenda, attendance register of LPA meeting	Not achieved

								achievement of this target in the future		
MID T 18	COR P 27	The percentage of municipality's budget actually spent on implementation it's workplace skills plan (WSP).	N/A	N/A	100%	100%	N/A	N/A	Proof of budget spent advice from BTO.	Achieved
MID T 19	COR P 28	The percentage of people from employment equity target groups employed in the three highest levels of management in compliance with municipality's approved employment equity plan.	N/A	N/A	100%	100%	N/A	N/A	Employment Equity Plan	Achieved

MI DT 20	**COR P 29**	Number of progress reports on implementation of performance plans by managers submitted to HOD's	N/A	N/A	18	11	Due to public protests, manager Labour Relations progress was affected which inhibited her ability to report her monthly progress during her absence.	N/A	PMS monthly performance plans	Not achieved
MI DT 21	**COR P 30**	Date of submission of managers performance plans to HOD's	N/A	N/A	30-Jun-19	22-May-19	N/A	N/A	Manager's Performance Plan's	Over Achieved

5.6. ECONOMIC DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS.

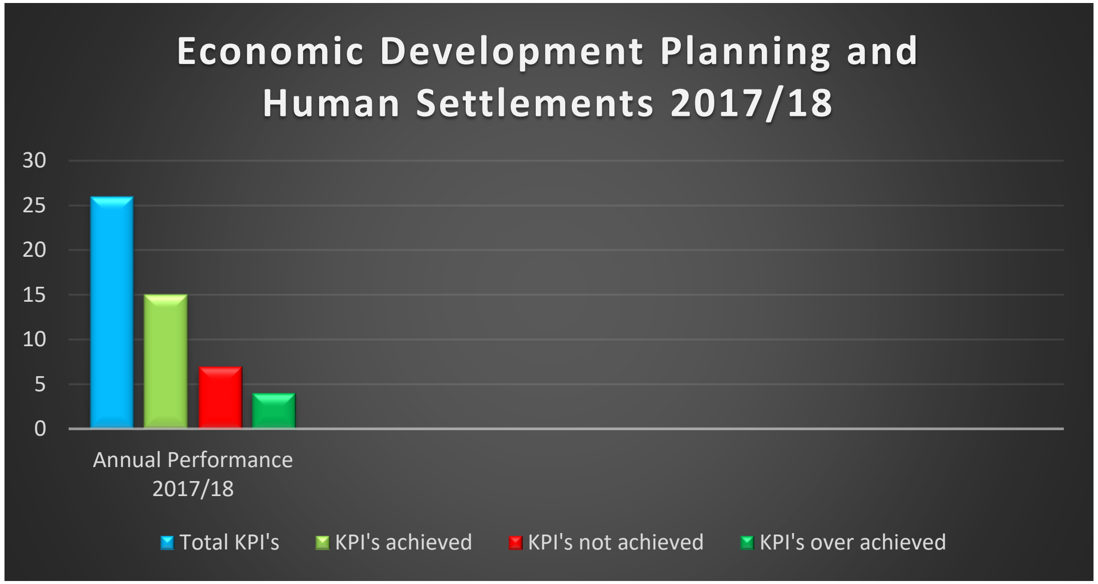
The Economic Development and Planning Department is the strategic business unit of the municipality and includes the following four divisions:

- Integrated Development (Strategic) Planning, Spatial Planning and Statutory Planning which includes implementation of the Land Use Management System, particularly the Planning and Development Act (PDA) and in future, the Spatial Planning and Land Use Management Act (SPLUMA).
- Human Settlements is essentially the implementation of rural and urban sustainable human settlement and development projects as an agent of the provincial Department of Human Settlements.
- Building controls which includes; the assessment and approval of building plans and enforcement of the National Building Regulations.
- Local Economic Development (Tourism, Business Licensing and SMME's

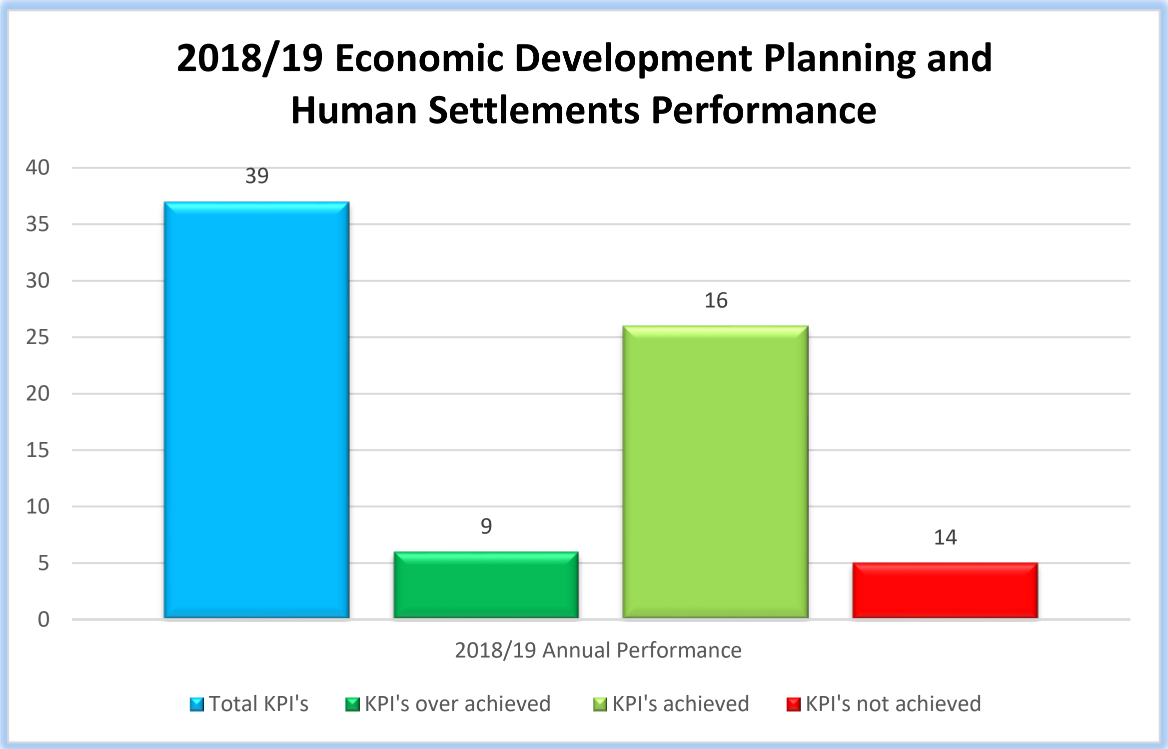
  Development, Agriculture, Manufacturing).

  This department is fully staffed and fully operational.

Below is a graph demonstration of the performance of this department in the 2017/18 and 2018/19 financial year.



Total KPI’s	26
KPI’s achieved	15
KPI’s not achieved	7
KPI’s over-achieved	4



	Number of KPI's	Percentage of KPI's
Total KPI's	39	100%
KPI's over-achieved	9	23%
KPI's achieved	16	41%
KPI's not achieved	14	36%
Overall KPI's achieved	**25**	**64%**

The Economic Development Planning and Human Settlements Department had a total of 39 KPI's in the 2018/19 financial year. Overall, 25 KPI's were achieved and 14 KPI's were not achieved. This translates to an 64 % achievement. There was an overachievement of 9 KPI's. The KPI 'Number of job creation through LED/EPWP Tourism initiatives by 30 June 2019', had a target of 500. The EDPHS department over-achieved this target by achieving 1832. Number of emerging entrepreneurs supported on the entrepreneurs support programme had a target of 2. This was over-achieved with an actual of 14.

ECONOMIC DEVELOPMENT, PLANNING AND HUMAN SETTELEMENTS 2018/19 SCORECARD										
IDP REF NO	SDBIP REF	KPI	2017/18		2018/19		Reason for variance	Corrective Measures	Portfolio of Evidence	Achieved/Not Achieved
			Target	Actual	Target	Actual				
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
BSD 1.0	EDPHS 01	Number of progress reports on housing submitted to EDPHS Portfolio	4	4	10	6	Agenda and notices were prepared and circulated however, meetings were postponed due to Service delivery protests and priority programmes clashes with portfolio meetings. The protest action commenced during the week in which	Reports for the 4th quarter were presented at the Portfolio Committee meeting held on the 4th July 2019 to cater for the meetings missed in May and June (as supported by combined reports tabled in July). To work close	Minutes of EDPHS Portfolio Committee	Not achieved

							the EDPHS Portfolio meeting was scheduled.	with Portfolio Chair to adhere to the adopted Council calendar and to ensure that Portfolio meetings that do not sit deal with consolidated reports in the following month		
BSD 1.2	EDPH S 02	Number of Housing Forum coordinated by 30 June 2019	N/A	N/A	4	4	N/A	N/A	Attendance Register	Achieved
BSD 1.3	EDPH S 03	Number of properties transferred in Sundumbili A & B	N/A	N/A	12	3	Problem issues are: Multiple claimants to the property and interdict preventing transfer of the property in the Deeds Office	Institute further beneficiary verifications and investigate the reasons for interdicts	Transfer Register /Report	Not achieved

BSD 1.4	EDPH S 04	Number of properties transferred in Tugela Ext 3	N/A	N/A	40	18	Problem issues are: Multiple claimants to the property and deceased beneficiaries. A beneficiary is required to sign an affidavit prior to lodging the transfer however finding the beneficiary is difficult due to them wither being deceased, relocated from the area or no current contact details	Institute further beneficiary verifications and obtain letter of authority for the deceased beneficiaries from Magistrate Office	Transfer Register /Report	Not achieved
BSD 1.5	EDPH S 05	Date of reviewing the Municipal Housing Sector Plan by 30 June 2019	30-Jun-18	30-May-18	30 June 2019	Not achieved	Lack of internal capacity to review housing sector plan as required by the relevant guidelines.	The plan is to further engage with Provincial Human Settlements until the adjustment budget	Council Resolution	Not achieved

							EDPHS tried in vain to obtain technical assistance from the Provincial Department of Human Settlements	process whereby we will seek to engage with the finance department to secure internal funding (if human settlement does not assist)		
BSD1.6	EDPH S 06	Average time (day) taken to approve compliant building from the date received	N/A	N/A	20 days	20 days	N/A	N/A	Control Register of building plans received and quarterly reports	Achieved
BSD 1.7	EDPH S 07	Number of MONTHLY progress reports on building plans processed, Inspections and notices served for transgression submitted to EDPHS Portfolio by 30 June 2019	N/A	N/A	10	6	Agenda and notices were prepared and circulated however, meetings were postponed due to Service delivery protests and priority programmes clashes with	Reports for the 4th quarter were presented at the Portfolio Committee meeting held on the 4th July 2019 to cater for the meetings missed in May and June (as	Minutes of EDPHS Portfolio Committee	Not achieved

							portfolio meetings. The protest action commenced during the week in which the EDPHS Portfolio meeting was scheduled.	supported by combined reports tabled in July). To work close with Portfolio Chair to adhere to the adopted Council calendar and to ensure that Portfolio meetings that do not sit deal with consolidated reports in the following month		
GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
GGPP1.0	EDPH S 08	Number of quarterly meetings held for the IDPRF by 30 June 2019	4	3	4	4	N/A	N/A	Attendance Registers	Achieved
GGPP 1.1	EDPH S 09	Number of Community Outreach Programmes on IDP 2018/19	2	2	2	10	N/A	N/A	Attendance Registers	Over achieved

		Review conducted by 30 June 2019								
GGPP 1.2	EDPHS 10	Date of Adoption of the 2019/20 IDP, Budget and PMS Process Plan by 30 September 2018.	30-May-18	30-May-18	30-Sep-18	27-Sep-18	N/A	N/A	Council Resolution	Achieved
GGPP 1.3	EDPHS 11	Date of Adoption of the 2019/20 IDP by Council in line with MSA by 30 June 2019	30-Sep-17	30-Sep-17	30-Jun-19	30-May-19	N/A	N/A	Council Resolution	Over achieved
GGPP 2.2	EDPHS 12	Number of quarterly Performance Information (AOPI's) submitted to PMS Unit within 10 working days after end of each quarter by 30 June 2019	4	4	4	4	N/A	N/A	Confirmation letters of Receipt by PMS Unit	Achieved

GGPP 2.3	EDPHS 13	Number of Performance reports submitted to EDPHS Portfolio Committee by 30 June 2019	4	4	4	0	It is difficult to report this indicator before audited by internal auditor. Although the reports were not reported to EDPHS Portfolio, however, they were submitted to the Office of the MM to allow internal auditing process to take place and have consolidated report to EXCO and Council.	This indicator will be removed on the next financial year	Minutes of EDPHS Portfolio Committee	Not achieved
GGPP 2.4	EDPHS 14	Number of progress reports on implementation of Risk Management submitted to Risk	4	4	4	3	The 1st quarter meeting was delayed due to the formation of the fraud risk register and	The risk unit is now not assisting in any AFS and APR reviews and is solely focused on risk so there	Attendance Registers and updated Risk Register report signed	Not achieved

		Management Unit by 30 June 2019					commitments in terms of AFS review and APR review which required the assistance of individuals from the risk unit.	shall be no delays. Quarter 1 risk meeting was held in 2019/2020		
LOCAL ECONOMIC DEVELOPMENT										
LED 4.0	EDPHS 15	Number of Jobs creation through LED / EPWP and Tourism initiatives by 30 June 2019	N/A	N/A	500	1832	This indicator was achieved in quarter 1 as the 1832 refers to employment or jobs created through projects and other initiatives however during the adjustment process it was realised that the KPI needed to be SMART and hence the KPI below was	N/A	Minutes and Agenda Items of EDPHS Portfolio(Actual Report)	Over achieved

							created with a duplicate number for quarter 3 and quarter 4			
	EDPH S 16	Number of reports on Jobs creation through LED / EPWP and Tourism submitted to EDPHS Portfolio committee by 30 June 2019	N/A	N/A	5	2	Agenda and notices were prepared and circulated however, meetings were postponed due to Service delivery protests and priority programmes clashes with portfolio meetings. The protest action commenced during the week in which the EDPHS Portfolio meeting was scheduled.	Reports for the 4th quarter were presented at the Portfolio Committee meeting held on the 4th July 2019 to cater for the meetings missed in May and June (as supported by combined reports tabled in July). To work close with Portfolio Chair to adhere to the adopted Council calendar and to ensure that Portfolio	Minutes of EDPHS Portfolio Committee	Not achieved

								meetings that do not sit deal with consolidated reports in the following month		
LED 4.1.	EDPHS 17	Date of Review SMME Support Programme by 30 September 2018	N/A	N/A	30-Sep-18	04-Oct-18	Even though the achievement was not on the 30th September 2018 there were validating reasons: 1. 30th September fell on a Sunday. 2. The date planned for the SMME program was shifted as the availability of councillors and SMME's	N/A	Acknowledgement by EDPHS Portfolio / Council Resolution	Achieved

							are required. The difference is a few days			
LED 4.2	EDPH S 18	Number of SMMEs and Cooperatives supported on Quick Win Programme by 30 June 2019	30	Not achieved	30	92	Strategic intervention to support SMME's were required to ensure that there is greater growth and greater beneficiation of SMME's. Furthermore, there was a need to ensure that all wards benefitted.	N/A	Acknowledgement letter of SMMEs / Cooperatives supported	Over achieved
LED 4.3	EDPH S 19	Number of Emerging Entrepreneurs supported on the entrepreneur support programme by 30 June 2019	2	2	2	14	N/A	N/A	(List the entrepreneurs supported)	Over achieved

LED 4.4	EDPH S 20	Date of SMME Fair by 30 May 2019	N/A	N/A	30-May-19	24-May-19	N/A	N/A	Attendance Registration	Achieved
LED 4.5	EDPH S 21	Number of Business compliance workshops conducted by 30 June 2019	4	4	4	4	N/A	N/A	Attendance Register (A list of various B C workshops conducted)	Achieved
LED 4.6	EDPH S 22	Number of LED Forums conducted by 30 June 2019	4	4	4	4	N/A	N/A	Attendance Register & minutes	Achieved
LED 4.7	EDPH S 23	Number of Installation of water & electricity meter in informal traders stall by 31 March 2019.	N/A	N/A	11	0	Requisitions and specifications were done; however, the appointment of service provider did not take place. This was due to a cost saving exercise whereby the municipality will utilise internal capacity. However,	Arrangement has been made with Technical Services to implement the project during 2019/2020 financial year	Completion certificate	Not achieved

							there was certain higher priority issues that needed to take place and this was further compounded by the resource shortage within the electricity unit			
LED 4.8	EDPH S 24	Number of informal traders committee meetings held by 30 June 2019	N/A	N/A	3	3	N/A	N/A	Attendance register	Achieved
LED 4.9	EDPH S 25	Number of meetings of tourism Information sharing by 30 June 2019	N/A	N/A	4	4	N/A	N/A	Attendance Register	Achieved
LED 4.10	EDPH S 26	Date of Fencing of Ngwenya Reserve by 30 December 2018	30-Jun-18	Not achieved	30-Dec-18	13-Nov-18	N/A	N/A	Practical completion Certificates	Over achieved
LED 4.11	EDPH S 27	Number of Blue Flag Pilot Certificates	30-Jun-18	24-Jan-18	1	1	N/A	N/A	Blue Flag Certificate	Achieved

		obtained by 30 December 2018								
LED 4.12	EDPHS 28	Number of water samples taken and analysed by 30 June 2019	20	10	16	6	We discovered that the water samples are only taken during blue flag season which start from August to March. Initially it was expected that we would undertake at least 2 beaches and 10 water samples however this was subsequently changed to 2 beaches at 8 months	Targets for 2019/2020 will be reviewed as per WESSA requirements		Water sample results	Not achieved

LED 4.13	EDPHS 29	Number of implementations reports of Vuthela LED Programme submitted to EXCO and Council by 30 June 2019	N/A	N/A	4	3	The report for quarter 3 was not facilitated during the quarter due to other strategic commitments and is an acknowledged failure on the part of the department	In the future shall ensure that quarterly reports are prepared and tabled	EXCO Minutes/ Resolution	Not achieved
FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT										
FVM 1.1	EDPHS 30	Amount of Revenue Collected as per submitted Town planning applications, Business License and Building Plans and rental collection from Informal Traders Stalls by 30 June 2019	R100 000.00	R 129 609,77	R80 000.00	R102 564.99	N/A	N/A	Ledge Spread Sheet from Finance	Over achieved
SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT/ CROSS-CUTTING MEASURES										

SREN/CCM 1.0	EDPHS 31	Number of Community Environmental Awareness Programmes conducted by 30 June 2019	2	2	2	4	N/A	N/A	Attendance Register	Over achieved
SREN/CCM1.2	EDPHS 32	Number of meetings held by the Simunye Coastal Management and Environmental Forum 30 June 2019.	2	2	1	4	N/A	N/A	Attendance Register	Over achieved
SREN/CCM1.3	EDPHS 33	Date of appointment of panel of land surveyors	N/A	N/A	31-Mar-19	Not achieved	In the original scorecard the target was captured incorrectly in quarter 1 whilst in the adjustment process the target was subsequently moved to quarter 3. SCM Statutory requirements did not allow the	Budget accordingly for the appointment Panel of Land Surveyors on the next financial year	Copy of Appointment letter/ Purchase Order	Not achieved

							appointment of Panel of Land Surveyors due budget which was below R200 000			
SREN/CCM1.4	EDPHS 34	Percentage of completed Land surveying by 31 March 2019	N/A	N/A	100%	Not achieved	The process of obtaining Surveyor General approval is a long process. The problem is that the SPLUMA Process was erroneously excluded from the Specifications to appoint the land surveyor. This resulted in a project scope dispute on the SPLUMA consent	SPLUMA consent be made part of the project scope for land surveying activities	Surveyed Diagrams	Not achieved

SREN/CCM1.5	EDPHS 35	Date of Reviewed and adopted Finalised SDF by 30 May 2019	N/A	N/A	30-May-19	Not achieved	On the meeting between COGTA and the municipality it was agreed and accepted that the existing SDF is still relevant and therefore there is no need for review.	Next COGTA assessment feedback will determine whether Municipal SDF require a review	Council Resolution	Not achieved
	EDPHS 36	Service provider appointed by 31 May 2019	N/A	N/A	31-May-19	17-May-19	N/A	N/A	Appointment letter	Achieved
SREN/CCM 1.7	EDPHS 37	Number of LUM Capacity Building Stakeholders Workshops held by 30 June 2019	2	Not Achieved	1	1	N/A	N/A	Attendance Register	Achieved
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										
	EDPHS 38	Number of monthly progress reports on implementation of performance	N/A	N/A	16	16	N/A	N/A	PMS monthly performance plans	Achieved

		plans by managers submitted to HOD's								
	EDPHS 39	Date of submission of managers performance plans to HOD's	N/A	N/A	30-Mar-19	06-Mar-19	N/A	N/A	Manager's Performance Plan's	Achieved

MEASURES TO IMPROVE PERFORMANCE

The financial year has generally started on a good mode as many targets were achieved, although areas of concern have been and stringent corrective measures have to be implemented. The Office of the Municipal Manager has been conducting Informal reviews over and above the Legislated Formal reviews and the PMS, M, E & Unit also conducts departmental verification meetings.

CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

- Detail on issues raised during the previous financial year;
- Remedial action taken to address the above and preventative measures

Chapter 6: Management Report

6.2 Audit Action Plan

RECOMMENDATIONS /WAY FORWARD

a) Maintain alignment between the IDP, PMS and Budget Process

b) That monthly monitoring of SDBIP's and Capital Program through presentation conducted to the respective Portfolio Committees be a standing item.

c) That the financial system and performance management system be tightly aligned to ensure accurate and clear performance reports are prepared and submitted for the understanding of all stakeholders.

d) Monitoring and evaluation be strengthened were PMS, M, E & R Unit conduct monthly consultation verification meetings at least a month before the end of the quarter, and obedience to the timeframes that are as per the process plan.

e) Department to take ownership of cascading PMS to lower levels, and OPMSMER Unit to assist and report through all structures of the municipality, Top Manco, Manco, Departmental Meetings, Portfolio, Council and Executive Council.

CONCLUSION

The Mandeni wishes to reinforce its commitment and dedication in ensuring the service delivery and changing the lives of the people within our municipality. This report clearly demonstrates the commitment of the municipality to ensure that the local community have access to their basic needs.

Investment in capital and social infrastructure remains a clear focus area when projects are identified in the IDP. This report to Council and the local community demonstrates the ability of them Mandeni Municipality to adapt to the ever changing social needs of the local community. The above the norm budget spent of 100% on capital infrastructure clearly indicates that the municipality has solid and establishment project management systems in place. Improving on those, will be the focus from now on.

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
Adequacy Indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic Municipal Service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget Year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost Indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution Indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.

Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result

	should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: *a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and* *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

APPENDICES

APPENDIX A

MANDENI LOCAL MUNICIPALITY
PORTFOLIO COMMITTEES SCHEDULE

ECONOMIC DEVELOPMENT, PLANNING & HUMAN SETTLEMENTS PORTFOLIO COMMITTEE (EDPHSPC)

NAME	ORGANISATION	CELL NUMBER
CLLR LR MDLETSHE	ANC	0 731026256
CLLR N DLAMINI	ANC	0 730634311
CLLR SJ MATHONSI	AIC	0 785004506
CLLR N MSIMANGO	ANC	0 785166507
CLLR M NGUBANE	ANC	0 834895963
CLLR NR TEMBE	ANC	0 760655906
CLLR DM SITHOLE	IFP	0 787884303

INFRASTRUCTURE DEVELOPMENT & TECHNICAL SERVICES PORTFOLIO COMMITTEE (IDTSPC)

NAME	ORGANISATION	CELL NUMBER
CLLR NF NTULI	ANC	0 796284318
CLLR MT CELE	ANC	0 836206748
CLLR TP ZUMGU	IFP	0 738647916
CLLR MM MNGADI	ANC	0 737572319
CLLR BW MTHETHWA	ANC	0 748182391
CLLR NR SIBIYA	ANC	0 732947678
CLLR N DLAMINI	ANC	0 730634311

CORPORATE SERVICES/ LOCAL PUBLIC ADMINISTRATION (LPAHRPC)

NAME	ORGANISATION	CELL NUMBER
CLLR X MDLETSHE	ANC	0 730835801
CLLR BA KHUMALO	IFP	0 839851918
CLLR MV MHLONGO	ANC	0 787841995
CLLR GN ZUNGU	ANC	0 837293741

CLLR N NOMVETE	ANC	0 823896685
CLLR NR SIBIYA	ANC	0 732947678
CLLR AA ZUNGU	ANC	0 827308681

LOCAL LABOUR FORUM (FPC)

NAME	ORGANISATION	CELL NUMBER
CLLR X MDLETSHE	ANC	0 730835801
CLLR N NOMVETE	ANC	0 823896685
CLLR GN ZUNGU	ANC	0 837293741
CLLR BA KHUMALO	IFP	0 839851918

HUMAN RESOURCES DEVELOPMENT COMMITTEE (HRDC)

NAME	ORGANISATION	CELL NUMBER
CLLR GN ZUNGU	ANC	0 837293741
CLLR N NOMVETE	ANC	0 823896685

FINANCE PORTFOLIO COMMITTEE (FPC)

NAME	ORGANISATION	CELL NUMBER
CLLR SB ZULU	ANC	0 791067328
CLLR MC MKHALIPHI	ANC	0 734540564
CLLR K NAIDOO	DA	0 832185029
CLLR BW MTHETHWA	ANC	0 748182391
CLLR ST MAGWAZA	ANC	0 767603117
CLLR EK DUBE	IFP	0 825019338
CLLR MT CELE	ANC	0 836206748

COMMUNITY SERVICES & PUBLIC SAFETY PORTFOLIO COMMITTEE (CSPSPC)

NAME	ORGANISATION	CELL NUMBER
CLLR PM SISHI	ANC	0 835457421
CLLR SZ MDLETSHE	ANC	0 735985484
CLLR CL MTHEMBU	ANC	0 731966659
CLLR S NKWANYANA	EFF	0 838738975

CLLR DM SITHOLE	IFP	0 787884303
CLLR N NOMVETE	ANC	0 823896685
CLLR MM MNGADI	ANC	0 737572319

GENDER SUB COMMITTEE (GSC)

NAME	**ORGANISATION**	**CELL NUMBER**
CLLR N NOMVETE	ANC	0 823896685
CLLR SZ MDLETSHE	ANC	0 735985484
CLLR N MSIMANGO	ANC	0 785166507
CLLR ST MAGWAZA	ANC	0 767603117
CLLR MC MKHALIPHI	ANC	0 734540564
CLLR SR MDLETSHE	IFP	0 826289486
CLLR NT SHANDU	ANC	0 721055331

YOUTH AFFAIRS SUB COMMITTEE (YASC)

NAME	**ORGANISATION**	**CELL NUMBER**
CLLR SZ MDLETSHE	ANC	0 735985484
CLLR TP SHANDU	ANC	0 780903784
CLLR M NGUBANE	ANC	0 834895963
CLLR NR SIBIYA	ANC	0 732947678
CLLR S NKWANYANA	EFF	0 838738975
CLLR MM MNGADI	ANC	0 737572319
CLLR EK DUBE	IFP	0 825019338

MUNICIPAL PUBLIC ADMINISTRATION COMMITTEE (MPAC)

NAME	**ORGANISATION**	**CELL NUMBER**
CLLR NT SHANDU	ANC	0 721055331
CLLR AM GWALA	ANC	0 789946492
CLLR TP SHANDU	ANC	0 780903784
CLLR SR MDLETSHE	IFP	0 826289486

EXECUTIVE COMMITTEE (EXCO)

NAME	**ORGANISATION**	**CELL NUMBER**
CLLR SB ZULU	ANC	0 791067328
CLLR PM SISHI	ANC	0 835457421
CLLR NF NTULI	ANC	0 796284318
CLLR X MDLETSHE	ANC	0 730835801
CLLR LR MDLETSHE	ANC	0 731026256
CLLR MS MDUNGE	IFP	0 810877726
CLLR M SHELEMBE	IFP	0 720261629
CLLR MPP ZUNGU	ANC	0 839894400

AFRICAN NATIONAL CONGRESS (ANC)

NAME	**CELL NUMBER**
CLLR SB ZULU	0 791067328
CLLR PM SISHI	0 835457421
CLLR NF NTULI	0 796284318
CLLR X MDLETSHE	0 730835801
CLLR LR MDLETSHE	0 731026256
CLLR MPP ZUNGU	0 839894400
CLLR MC MKHALIPHI	0 734540564
CLLR BW MTHETHWA	0 748182391
CLLR AM GWALA	0 789946492
CLLR SZ MDLETSHE	0 735985484
CLLR CL MTHEMBU	0 731966659
CLLR N NOMVETE	0 823896685
CLLR MM MNGADI	0 737572319
CLLR AA ZUNGU	0 827308681
CLLR ST MAGWAZA	0 767603117
CLLR NT SHANDU	0 721055331
CLLR MT CELE	0 836206748
CLLR MV MHLONGO	0 787841995
CLLR GN ZUNGU	0 837293741
CLLR NR SIBIYA	0 732947678
CLLR N DLAMINI	0 730634311

CLLR N MSIMANGO	0 785166507
CLLR M NGUBANE	0 834895963
CLLR NR TEMBE	0 760655906
CLLR TP SHANDU	0 780903784

INKATHA FREEDOM PARTY (IFP)

NAME	**CELL NUMBER**
CLLR MS MDUNGE	0 810877726
CLLR M SHELEMBE	0 720261629
CLLR SR MDLETSHE	0 826289486
CLLR DM SITHOLE	0 787884303
CLLR EK DUBE	0 825019338
CLLR BA KHUMALO	0 839851918
CLLR TP ZUMGU	0 738647916

APPENDIX B

COMMITTEES AND COMMITTEE PURPOSES

FINANCE PORTFOLIO COMMITTEE

CONSTITUTION:

1. **Name and Status**

   The finance portfolio committee is a standing committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

2. **Membership**

   The committee shall consist of:-

   1. Chairperson appointed by council;

   2. Seven (7) Councilors appointed by the council; and

   3. *The Mayor as a voting Ex-Officio member, please note here the Mayor is the chairperson*

3. **Quorum**

   The quorum of the committee shall be not less than fifty percent [disregarding fractions] plus one (50% [disregarding fractions]+1) of current members (excluding the Mayor).

4. **Rules of Procedure**

   The Rules of Order of the council, insofar as they govern Committees, shall apply to the Committee.

5. **Functions**

5.1 The committee shall monitor, investigate, enquire into and make recommendations to the Executive committee relating to any aspect affecting the Council in connection with the following functions:-

(a) Budget and Reporting
(b) Revenue Management and Enhancement
(c) Expenditure Control
(d) Supply Chain and Contract Management
(e) Financial Management
(f) Anti-Corruption and Anti-fraud strategy

5.2 The committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee on any other matter referred to it by the Executive Committee for such monitoring, investigations or enquiry.

5.3 In carrying out its functions the committee;-

(a) Shall at all times ensure that it complies with all requirements of law in regard to public participation, the receipt of evidence or representations and similar matters;

(b) Shall, subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

6. Standing Authorities

Without derogation from the afore-going and subject to the provisions of any law, the committee is authorized to advice, from time to time, the Executive committee and any Employee to whom specific powers have been delegated on:-

(1) Aspects of policy in respect of the functions of the committee.

(2) all bylaws, fees, tariffs which the Council may enact or prescribe within the terms of reference of the committee.

(3) Any legislation or proposed legislation falling within the terms of reference of the of the committee which the Council may adopt.

(4) Any amendments to the terms of reference of the committee.

7. General Policy Functions

The committee may:-

(1) appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;

(2) refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference;

(3) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee.

COMMUNITY SERVICES AND PUBLIC SAFETY AND SECURITY PORFOLIO COMMITTEE

Constitution:-

1. Name and Status

1.1. The Community Services and Public Services Portfolio Committee, is a standing Committee appointed in terms of section 80 Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

2. Membership

2.1. The committee shall consist of:

2.1.1. Chairperson appointed by Council

2.1.2. Seven (7) Councilors appointed by the council; and

2.1.3. The Mayor as a voting Ex-Officio member

3. Quorum

3.1. The quorum shall be not less than fifty percent

(Disregarding fractions) plus one (50) % (disregarding fractions) + 1) of current members (excluding the Mayor).

4. Rules of Procedure

4.1. The Rules of Order of the Council, insofar as they govern Committees,

Shall apply to the Committee.

5. Functions

5.1. The Committee shall monitor, investigate, enquire into and make

Recommendations to the Executive Committee relating to any aspect

Affecting the Council in connection with the following functions:-

(a) Libraries
(b) Museum
(c) Beach Amenities
(d) Marine Safety
(e) Sports and Recreation
(f) Verge Maintenance
(g) Cemeteries
(h) Pounds
(i) Emergency Services (Traffic and Fire)
(j) Security Services
(k) Disaster Management
(l) Communications
(m) Vehicle Licensing
(n) Trade Licensing
(o) General Law Enforcement
(p) Environmental Health
(q) Personal Health
(r) Youth Development Initiatives;
(s) Gender Related Programme;
(t) Programme of Children and Elderly;
(u) Programmes Related to the Disable Persons (Persons Living with Disabilities);
(v) Stakeholder Coordination (Operation Sukuma Sakhe)
(w) Programmes dealing with promotion of preventative measures on HIV/AIDS Coordinate Activities of Local Aids Council Coordination of programmes dealing with promotion of preventative measures on HIV/AIDS and other related programmes for those infected and affected; and
(x) Coordinate Activities of Local Aids Council

6. Standing Authorities

6.1. Without derogating from the a foregoing and subject to the provisions

Of any law, the Committee and any Employee to whom specific powers have been delegated on:-

6.1.1. Aspects of policy in respect of the functions of the Committee

6.1.2. All bylaws, fees, tariffs which the Council may enact or prescribe

Within the terms of reference of the committee.

6.1.3. Any legislation or proposed legislation falling within the terms of reference of the committee which the Council may adopt.
6.1.4. Any amendments to the terms of reference of the committee

7. General Policy Functions

7.1. *The Committee may*:-

7.1.1. Appoint from within its own membership a sub-committee with

Powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;

7.1.2. Refer to the Executive Committee for decision, with or without a

Recommendation, any matter falling within its terms of reference;

7.1.3. Consider all matters of a policy nature incidental to the above

Terms of reference and submit recommendations on such matters to the Executive Committee.

ECONOMIC DEVELOPMENT, PLANNING, COMMUNITY DEVELOPMENT & HOUSING PORTFOLIO COMMITTEE

Constitution:

1. Name and Status

The Economic Development, Planning, Community Development and Human Settlement Portfolio Committee is a standing committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

2. Membership

The Committee shall consist of:-

1. Chairperson appointed by Council;
2. Seven (7) Councilors appointed by the Council; and
3. The Mayor as a voting Ex-Officio member

3. Quorum

The quorum of the Committee shall be not less than fifty percent [disregarding fractions] plus one (50% [disregarding fractions] +1) of current members (excluding the Mayor).

4. Rules of Procedure

The Rules of Order of the Council, insofar as they govern Committees, shall apply to the Committee.

5. Functions

5.1 The Committee shall monitor, investigate, enquire into and make recommendations to the Executive Committee relating to any aspect affecting the Council in connection with the following functions:-

(a) Town Planning;
(b) Spatial planning
(c) Local Economic Development;
(d) Community Development;
(e) Environmental Conservation
(f) Building Control
(g) Integrated Development Plan
(h) Local Tourism
(i) Business Licensing and Business Development (SMMes) and Cooperatives)
(j) Agriculture Development
(k) Human Settlements and Housing (Including Housing Sector Plan)
(l) Implementation of Building Regulations and By-Laws
(m) Environment and Coastal Management
(n) Land Reform

5.2 The Committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee on any other matter referred to it by the Executive Committee for such monitoring, investigations or enquiry.

5.3 In carrying out its functions the Committee;-

(a) shall at all times ensure that it complies with all requirements of law in regard to public participation, the receipt of evidence or representations and similar matters;

(b) Shall subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

6. Standing Authorities

Without derogating from the a foregoing and subject to the provisions of any law, the Committee is authorized to advise, from time to time, the Executive Committee and any Employee to whom specific powers have been delegated on:-

(1) Aspects of policy in respect of the functions of the Committee.

(2) All bylaws, fees, tariffs which the Council may enact or prescribe within the terms of reference of the Committee.

(3) Any legislation or proposed legislation falling within the terms of reference of the Committee which the Council may adopt.

(4) Any amendments to the terms of reference of the committee.

7. General Policy Functions

The Committee may:-

(1) Appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;

(2) Refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference;

(3) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee.

LOCAL PUBLIC ADMINISTRATION & HUMAN RESOURCES PORTFOLIO COMMITTEE

Constitution:-

1. Name and Status

The Local Public Administration & Human Resources Portfolio Committee is a standing Committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

2. Membership

The Committee shall consist of

1. Chairperson appointed by council
2. Seven (7) Councillors appointed by the council; and
3. The Mayor as a voting Ex-Officio member

3. Quorum

The quorum of the Committee shall be not less than fifty percent

(Disregarding fractions) plus one (50 %) (Disregarding fractions) + 1

Of current members (excluding the Mayor).

4. **Rules of Procedure**

The Rules of Order of the Council, insofar as they govern Council,

Shall apply to the Committee.

5. Functions

5.1. The Committee shall monitor, investigate, enquire into and make

Recommendation to the Executive Committee relating to any aspect affecting the Council in connection with the following functions:-

(a) Local Public Administration with particular reference to Chapter 7 the Local Government :Municipal Systems Act,2000;
(b) Human Resources;
(c) Labour Relations; and Employees Relations
(d) Occupational Health and Safety
(e) Performance Management
(f) Information Technology
(g) Municipal Administration and Auxiliary Services
(h) Council Support
(i) Fleet Management
(j) Policy Development
(k) Public Participation and Ward Committee Coordination
(l) Implementing resolutions taken by the LLF and HRDC
(m) Communications

5.2. The Committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee for such monitoring, investigations or enquiry.

5.3. In **carrying out its functions the Committee**

(a) Shall at all times ensure that it complies with all requirements of law in regards to public participation, the receipt of evidence or representation and similar matters;

(b) Shall, subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

6. Standing Authorities

Without derogation from the afore going and subject to the

provisions of any law, the Committee is authorized to advise, from time to time, the Executive Committee and any Employee to whom specific powers have been delegated on:

(1) Aspects of policy in respect of the functions of the Committee.
(2) All bylaws, fees, tariffs which the council may enact or prescribe within the terms of reference of the committee.
(3) Any legislation or proposed legislations falling within the terms of reference of the committee which the Council may adopts.
(4) Any amendments to the terms of reference of the committee

7. General Policy Functions

The Committee may:-

(1) Appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;
(2) Refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference ;
(3) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee.

INFRASTRUCTURAL AND TECHNICAL SERVICES PORTFOLIO COMMITTEE

Constitution:-

8. Name and Status

The Infrastructural and Technical Services Portfolio Committee is a standing committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

9. Membership

The Committee shall consist of:-

4. Chairperson appointed by Council;
5. Seven (7) Councillors appointed by the Council; and
6. The Mayor as a voting Ex-Officio member

10. Quorum

The quorum of the Committee shall be not less than fifty percent [disregarding fractions] plus one (50% [disregarding fractions] +1) of current members (excluding the Mayor).

11. Rules of Procedure

The Rules of Order of the Council, insofar as they govern Committees, shall apply to the Committee.

12. Functions

12.1 The Committee shall monitor, investigate, enquire into and make recommendations to the Executive Committee relating to any aspect affecting the Council in connection with the following functions:-

(o) Water and Sanitation in conjunction with District Municipality
(p) Sewerage;
(q) Roads;
(r) Storm Water Drainage
(s) Electricity and Street lights
(t) Mechanical Workshops;

(u) Fleet Management;
(v) Cleansing & Waste Management; and
(w) Maintenance and Municipal Facilities
(x) Parks and Gardens
(y) Municipal Roads
(z) Maintenance of Municipal Facilities
(aa) Management of Capital Equipment and Technical Service Fleet
(bb) Telecommunication

12.2 The Committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee on any other matter referred to it by the Executive Committee for such monitoring, investigations or enquiry.

12.3 In carrying out its functions the Committee;-

(b) shall at all times ensure that it complies with all requirements of law in regard to public participation, the receipt of evidence or representations and similar matters;

(b) Shall subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

13. Standing Authorities

Without derogating from the aforegoing and subject to the provisions of any law, the Committee is authorized to advise, from time to time, the Executive Committee and any Employee to whom specific powers have been delegated on:-

(5) Aspects of policy in respect of the functions of the Committee.

(6) All bylaws, fees, tariffs which the Council may enact or prescribe within the terms of reference of the Committee.

(7) Any legislation or proposed legislation falling within the terms of reference of the Committee which the Council may adopt.

(8) Any amendments to the terms of reference of the committee.

14. General Policy Functions

The Committee may:-

(4) Appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;

(5) Refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference;

(6) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee.

APPENDIX C

Revenue Collection Performance by Source 2018/19

Mandeni Municipality
Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements
Figures in Rand

10. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	18,400,000	-	18,400,000	18,400,000	-	18,400,000
Buildings	24,468,125	(1,558,968)	22,909,157	22,720,807	(1,277,355)	21,443,452
Infrastructure	450,823,109	(133,510,351)	317,312,758	428,358,010	(117,879,433)	310,478,577
Community	80,361,192	(16,527,860)	63,833,332	73,009,585	(13,911,205)	59,098,380
Other property, plant and equipment	37,399,290	(16,392,837)	21,006,453	34,406,568	(15,550,314)	18,856,254
Total	611,451,716	(167,990,016)	443,461,700	576,894,970	(148,618,307)	428,276,663

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	WIP transferred	Disposals	Revaluations	Depreciation	Impairment loss	Total
Land	18,400,000	-	-	-	-	-	-	18,400,000
Buildings	21,443,452	16,132,428	(14,348,110)	(32,883)	-	(285,730)	-	22,909,157
Infrastructure	310,478,577	77,662,971	(49,893,160)	-	-	(20,349,467)	(586,163)	317,312,758
Community	59,098,380	11,689,958	(4,211,552)	(5,153)	-	(2,715,279)	(23,022)	63,833,332
Other property, plant and equipment	18,856,254	7,026,911	-	(1,397,697)	-	(3,479,015)	-	21,006,453
	428,276,663	112,512,268	(68,452,822)	(1,435,733)	-	(26,829,491)	(609,185)	443,461,700

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	WIP transferred	Disposals	Transfers received	Revaluations	Prior period errors	Depreciation	Total
Land	17,930,000	-	-	-	86,500	83,500	300,000	-	18,400,000
Buildings	17,264,221	4,426,429	-	-	-	-	-	(247,198)	21,443,452
Infrastructure	317,726,332	39,894,100	(16,260,533)	(9,936,103)	-	-	-	(20,945,219)	310,478,577
Community	49,467,092	12,515,674	-	(66,291)	-	-	-	(2,818,095)	59,098,380
Other property, plant and equipment	20,947,163	1,384,703	-	(64,049)	-	-	-	(3,411,563)	18,856,254
	423,334,808	58,220,906	(16,260,533)	(10,066,443)	86,500	83,500	300,000	(27,422,075)	428,276,663

Figures in Rand	2019	2018

10. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

	2019	2018
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Ward 13 Community Hall	1,322,864	1,092,641
The project was put on hold due to land legal issues.		
Re-alignment of Thokoza Road to P415 - Street lighting	2,160,034	2,160,034
The project was put on hold until the question of land acquisition from the school, the church and other homeowners is resolved.		
	3,482,898	3,252,675

Reconciliation of Work-in-Progress 2019

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	49,848,495	1,807,798	15,346,364	67,002,657
Additions/capital expenditure	30,543,310	5,484,505	2,975,434	39,003,249
Transferred to completed items	(49,893,160)	(4,211,552)	(14,348,110)	(68,452,822)
	30,498,645	3,080,751	3,973,688	37,553,084

Reconciliation of Work-in-Progress 2018

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	40,674,337	7,856,879	11,129,936	59,661,152
Additions/capital expenditure	27,436,393	1,243,539	4,216,428	32,896,360
Other movements (WIP written off)	(9,294,337)	(310,242)	-	(9,604,579)
Transferred to completed items	(8,967,898)	(6,982,378)	-	(15,950,276)
	49,848,495	1,807,798	15,346,364	67,002,657

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

APPENDIX D

Revenue Collection Performance by Vote 2018/19

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue)									
Description	Ref	2015/16	2016/17		2018/19 Medium Term Revenue & Expenditure Framework				
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source									
Property rates	2	27 408	28 937	28 937	28 937	40 079 522	30 789	32 451	34 203
Property rates - penalties & collection charges		9 766	–	–	–	13 850 685	–	–	–
Service charges - electricity revenue	2	13 186	12 236	17 186	17 186	24 367 491	17 270	18 202	19 185
Service charges - water revenue	2	–	–	–	–		–	–	–
Service charges - sanitation revenue	2	–	–	–	–		–	–	–
Service charges - refuse revenue	2	6 339	7 920	7 920	7 920	8 911 375	8 395	8 849	9 327
Service charges - other		–	–	–	–				
Rental of facilities and equipment		286	305	305	305	254 142	325	342	361
Interest earned - external investments		3 627	3 570	3 570	3 570	2 961	3 000	3 162	3 333
Interest earned - outstanding debtors		–	7 500	7 500	7 500		4 160	7 218	8 235
Dividends received		–	–	–	–		–	–	–
Fines		32	2 105	1 105	1 105	402 920	505	532	561
Licences and permits		1 123	1 255	1 255	1 255	1133316	1 000	1 054	1 111
Agency services		–	–	–	–		–	–	–
Transfers recognised - operational		172 071	139 308	139 308	139 308	174 804	152 744	169 732	181 408
Other revenue	2	16 847	605	605	605	38 363	517	584	615
Gains on disposal of PPE		–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**250 684**	**203 740**	**207 690**	**207 690**	**279 465**	**218 704**	**242 127**	**258 338**

KZN291 Mandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - Finance & Admin		181 157	201 775	174 803	205 543	214 203	242 388	242 388	255 402	275 388
Vote 2 - Executive & Council		204	–	2 499	7 251	7 251	7 498	7 498	7 903	8 330
Vote 3 - Community and Social Services		1 979	2 196	338	4 092	5 154	4 159	4 159	4 437	4 676
Vote 4 - Internal Audit		–	–	–	–	–	–	–	–	–
Vote 5 - Public Safety		1 112	1 476	1 626	1 972	1 872	–	–	–	–
Vote 6 - Waste Management		6 339	7 750	8 928	8 394	9 044	9 510	9 510	10 023	10 564
Vote 7 - Sport and Recreation		13	–	–	64	64	–	–	–	–
Vote 8 - Energy Sources		20 028	31 380	10 729	20 426	23 926	32 452	32 452	32 372	34 120
Vote 9 - Planning and Development		39 850	562	38 781	159	809	39 183	39 183	41 299	43 529
Vote 10 - Waste Water Management		–	–	–	–	–	–	–	–	–
Vote 11 - Road Transport		–	34 326	45 732	–	–	1 675	1 675	1 765	1 861
Vote 12 - Health		–	–	–	–	–	–	–	–	–
Vote 13 - Housing		–	–	–	–	769	–	–	–	–
Vote 14 - Environmental Protection		–	–	50	–	–	–	–	–	–
Vote 15 - Finance & Admin 2		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**250 684**	**279 465**	**283 486**	**247 900**	**263 092**	**336 865**	**336 865**	**353 200**	**378 467**

KZN291 Mandeni - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Audit Outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Cash Transfers to other municipalities</u>											
Insert description	1										
Total Cash Transfers To Municipalities:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
<u>Cash Transfers to Entities/Other External Mechanisms</u>											
Eskom (Free Basic Electricity)	2		1 067	1 533	1 038	1 038	1 340	1 340	1 501	1 582	1 667
Free Basic Refuse					505	505	505	505	–	–	–
Total Cash Transfers To Entities/Ems'		**–**	**1 067**	**1 533**	**1 543**	**1 543**	**1 845**	**1 845**	**1 501**	**1 582**	**1 667**
<u>Cash Transfers to other Organs of State</u>											
Insert description	3										
Total Cash Transfers To Other Organs Of State:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
<u>Cash Transfers to Organisations</u>											
Elecrification Grant INEP		5 243	10 259	9 985	6 786	6 786	6 170	6 170	9 500	9 485	10 000
Massification		1 581	5 437								
Total Cash Transfers To Organisations		**6 824**	**15 696**	**9 985**	**6 786**	**6 786**	**6 170**	**6 170**	**9 500**	**9 485**	**10 000**
<u>Cash Transfers to Groups of Individuals</u>											
Insert description											
Total Cash Transfers To Groups Of Individuals:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

TOTAL CASH TRANSFERS AND GRANTS	6	**6 824**	**16 762**	**11 518**	**8 329**	**8 329**	**8 015**	**8 015**	**11 001**	**11 067**	**11 667**
TOTAL NON-CASH TRANSFERS AND GRANTS		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL TRANSFERS AND GRANTS	6	**6 824**	**16 762**	**11 518**	**8 329**	**8 329**	**8 015**	**8 015**	**11 001**	**11 067**	**11 667**

APPENDIX E
Ward Information

WARD PROFILE

DISTRICT: ILEMBE

LOCAL MUNICIPALITY: MANDENI MUNICIPALITY

WARD NO.	MEMBERSHP	SURNAME	FULL NAMES	ID NO. (13 DIGITS)	GENDER M	GENDER F	CONTACT NO.	CDW
1	WARD CLLR	SHELEMBE	MLUNGISI	8002146037088	M		0720261629	
		LIKEBA	CELINA	5901021049089		F	0732260825	
	WC MEMBERS	MDLETSHE	NTOKOZO	8312231073082		F	0797031976	
		MZIMELA	GUGU	7504110432089		F	0787478003	LILY DUBE
		NXUMALO	THEMBINKOSI	6704185201085	M		0735881392	0837762156
		THETHWAYO	GABRIEL	4205175476085	M		0781133841	
		SHANDU	MBONGISENI	6508095517088	M		0729318042	
		SHANDU	SMANGELE	6809110583083		F	0749397484	
		BHUYENI	BHEKI	9207175938085	M		0718265294	
		MTHETHWA	LINDENI	7412140976085		F	0631197227	
2	WARD CLLR	MTHETHWA	BHEKIZENZO	7304235463089	M		0748182391	CDW
		MPANZA	XOLANI	8104105496089	M		0718877170	
		BIYELA	MLUNGISI	7911075321084			0737612290	
	WC MEMBERS	SADIE	DEAN	6908255444083	M		0747566743	SPHAMANDLA MTHETHWA
		MZOBE	ADORAH	8012250917082		F	0714162433	0782440308
		GWALA	SIMPHIWE	7303030512082	M		0790580038	
		MTHEMBU	SIYABONGA	8202135848087	M		0736764136	
		KHUMALO	VIVIAN	7811235811083	M		0760462200	
		NTULI	DOLLY	9109030944086		F	0840696808	
		MTHETHWA	ZENZELE	8012175438081	M		0721385247	
		NTULI	BETTY	6102210626089		F	0827033766	

3	**WARD CLLR**	SIBIYA	NONHLANHLA	8006280717082		F	732947678	**CDW**
	WC MEMBERS	DUBE	SIPHO PRINCE	7001017753089	M		0728496644	N/A
		MDLETSHE	NATHI	9004246555083	M		0729367875	
		EDLEY	NOKUKHANYA	8701090694089		F	0608990547	
		MKHWANAZI	NOKUKHANYA	9305170500080		F	0763285582	
		MGAGA	KWANELE	8610225554086	M		0783677769	
		DEJOE	HAROLD	6210295792088	M		0732576355	
		GUMEDE	NORA	6611100931086		F	0780259500	
		MNGADI	ZANELE	7005130608088		F	0762624577	
		MHLONGO	THEMBINKOSI	6103205699081	M		0848328810	
		SHANDU	BENEDICTA	5503230834085		F	0723365786	
4	**WARD CLLR**	MAGWAZA	SIPHO	6706045509086	M		0767603117	**CDW**
	WC MEMBERS	QWABE	NOKUTHULA	8311111649086		F	0717520925	GUGU KHUZWAYO 0837762095
		SHEZI	NOKUTHULA	8809281294088		F	0785601239	
		CELE	THOKOZANI	8010275366087	M		0715445195	
		MDLALOSE	LEONARD	7512285656085	M		0833383560	
		ZUNGU	LUCKYBOY	7308145369088	M		0781105913	
		MBONAMBI	CELIWE	8606061427080		F		
		NDLOVU	DORA	6206030331083		F	0837487801	
		KILOWAN	RADESH	8611025145083	M		0732619714	
		REDDY	VISHNA	4207125053089	M		0839912348	
5	**WARD CLLR**	NGUBANE	MJABULISENI	8909166185086	M		0834895963	**CDW**
	WC MEMBERS	MPANZA	NOKUTHULA	7306170531084		F	0732651301	SBUSISO GAZU 0782445268
		MAKHAYE	NTOKOZO	8902166202084	M		0735301817	
		CELE	JABULISIWE	5410300707086		F	0783204858	
		MATHONSI	GAMELIHLE	8506125867083	M		0733109158	
		KHUMALO	NOKUTHULA	7806170531084		F	0631550006	
		MSOMI	NHLAKANIPHO	8608085520080	M		0737179670	
		MTHETHWA	SIPHO GABRIEL	6709025319088	M		0766123714	
		DLAMINI	BUKHOSIBAKHE	9203166069089	M			
		HLONGWANE	ALBERT	5408095501086	M			
6	**WARD CLLR**	CELE	MBONGENI	6512265784080	M		0836206748	
	WC MEMBERS	MHLONGO	SLINDILE	8601050349080		F	0783566224	
		NCANANA	FIKELEPHI	6905230525085		F	0799902532	
		MASUKU	FAKO	6705015688086	M		0712713891	

		DLAMINI	ZAMILE	5202160229081		F	0714532429	
		NZUZA	PAMELA	7512010426085		F	0633041591	
		MHLONGO	STHEMBISO	6707075678080	M		0762725949	NOMUSA MADIKANE
		KHETHOKUHLE	NGEMA	8612176000085	M		0798178508	0837762155
		SHEZI	PHILILE	5701160358089		F	0767791213	
		CHILI	XOLISILE	8505251754081		F	0795323914	
		MPUNGOSE	THABANE	7106245743081	M		0727072527	
7	WARD CLLR	DLAMINI	NONHLANHLA	7111170408080		F	0730634311	CDW
	WC MEMBERS	QWABE	BHEKANI	7503055577080	M		0826677871	
		MAGWAZA	KHONZI	8001150306082	M		0782910443	
		MLAMBO	THABISILE	6804130599086		F	0834215381	
		DUBE	BONGI	6203110714080		F	0791682373	
		MNCWANGU	JOHN	8001225708080	M		0739028460	
		DLADLA	NHLANHLA	8401055386082	M		0786725820	
		ZIBANE	JEROME	7002285345087	M		0784277749	
		GUMEDE	MADODA	7304305421082	M		0736500666	
		NTSHANGASE	LANGELIHLE	5106260167085	M		0783395328	
8	WARD CLLR	MDLETSHE	LINDELIHLE	7301155457083	M		0731026256	CDW
	WC MEMBERS	KHUZWAYO	THABISO	9304125724085	M		0721295570	
		HLABISA	NONHLANHLA	7405080466083		F	0791121991	
		SIBIYA	EDNAH	4308200225087		F	0732547379	MATHEMBI MSANE
		MBONAMBI	WELLINGTON	7208205934088	M		0797210699	
		HADEBE	NOKWANDA	7909290796080		F	0735551693	
		MDLULI	SIYABONGA	8110275602083	M		0799995347	
		NDLOVU	HLENGIWE	5808070690087		F	0717149167	
		MATHENJWA	LETHIWE			F	0780436052	
9	WARD CLLR	MNGADI	MPHILE	8505185766086	M		0737572319	CDW
	WC MEMBERS	DUBE	SAKHILE	8204206002081	M		0732716662	
		MSOMI	MOFFATE	6810225470083	M		0736138070	
		MPANZA	SPHAMANDLA	9201026099080	M		0717220730	
		ZUNGU	SANELE	8007245928087	M		0734514687	SLUNGILE MWANDLA
		MSOMI	NOBUHLE	8409100799084		F	0787524982	0832011114
		NENE	BALUNGILE	7312240654089		F	0739034883	
		MCINEKA	ZAMOKUHLE	8812010477081		F	0781695070	
		LANGA	MICHAEL	6207215798088	M		0712400845	
		ZUNGU	ZINHLE PATRICIA	7601290292083		F		
		MATABA	MZAMISENI	6012025745083	M		0785140418	

10	**WARD CLLR**	SHANDU	NOMUSA	6605070720081		F	0721055331	**CDW**
	WC MEMBERS	SITHOLE	MBUYISELO			F	0604081158	N/A
		MFEKA	ZANDILE	7612230391083		F	0818862676	
		MTSHALI	SIBUSISO	7112055769081		F	0720951452	
		DLALA	LUNGELO		M		0768550795	
		MATHONSI	NOZIPHO	8507010732085		F	0711637649	
		GUMEDE	SDUDUZO	8410255994082	M		0787658321	
		KHUZWAYO	XOLANI		M		0739583137	
		ZONDI	THEMBA	701010666086	M		0839523135	
		VUMISA	NJABULO		M		0839559067	
		MASEKO	SILONDILE	800229035088		F	076506959	
11	**WARD CLLR**	MTHEMBU	LUNGILE CAROLINE	6901270514089		F	0731966659	**CDW**
	WC MEMBERS	VALENTIA	NGEMA	6402290326083		F		N/A
		MYEZA	MZONJANI	5103015286088	M		0730862986	
		MASUKU	REJOICE	6701190625084		F	0719135450	
		KHUZWAYO	BUSISIWE	7210020487086		F	0711790928	
		SIBISI	SIFISO	6910245738087	M		0730615695	
		MDANDA	AUDREY	6102280898089		F	0833432982	
		MTHETHWA	ZIPHO	7409225727086	M		0723247816	
		DLOMO	JABULANI	6901235447086	M		0725366781	
		MKHWANAZI	SIYABONGA	8104145826089	M		0824337289	
		MANQELE	MJABULISENI	520825762081	M			
12	**WARD CLLR**	MKHALIPHI	MZWAKHE	7 904 215 681 087	M		0734540564	
	WC MEMBERS	SKHAKHANE	THOBEKILE	6901031314084		F	0732338649	MINENHLE DLAMINI 0728179683
		MVULA	THANDEKA			F	0 632150509	
		BUTHELEZI	THEMBA	6106105535085	M		0826959173	
		YAKA	PHUMLANI	7803035660083	M		0742582181	
		MNYANDU	DUDUZILE	8310301068081		F	0788203529	
		GAZU	MALUSI	6707255274080	M		0837470409	
		MATHONSI	NOKWAZI	8001200767082		F	0737716676	
		DANISA	WINSON	7212025462080	M		0833475403	
		MKHIZE	THABANI	8112235390080	M		0769022064	
		MATHONSI	SIBONGISENI	8612206304085	M		0630930899	
13	**WARD CLLR**	ZULU	SIPHESIHLE	781006 5369 089	M		079 1067 328	**CDW**
	WC MEMBERS	SITHOLE	NKULULEKO		M		0820717178	
		NGIBA	DUDU	7208250464080		F	0739329567	

		NXUMALO	THANDEKA	7603170577088		F	0736700647	
		MTHIYANE	VUSIMUZI	8305295374081	M		0761701482	
		MTHIYANE	SIBUSISO	8711075815088	M		0730510007	
		ZULU	THEMBI	6702220565084		F	0717411830	N/A
		MDLULI	JOYCE	7502260720089		F	0606535100	
		MHLONGO	SIBONGILE	6009010521081		F	0739321097	
		SIKHAKHANE	MUSAWENKOSI	7202055841089	M		0722898548	
		MEYIWA	SANDILE		M		0787362476	
14	WARD CLLR	SHANDU	THOBANI	8812245508080	M		0780903784	
	WC MEMBERS	SITHOLE	MTHOKOZISI		M		0763531697	
		MAZIBUKO	THEMBI	5911720642080		F	0787781938	
		MLAMBO	JABU	6803180708084		F	0737856698	
		XULU	GIFT	8212136095083	M		0729765216	
		NCWANE	BONGI	5511280824088		F	0734101968	
		SIKHAKHANE	DAVID	710106322088	M		0734683621	N/A
		THABEDE	KHULEKANI	8001076050087	M		0734683621	
		SISHONI	SIMANGELE	8603010802083		F	0797609413	
		NGEMA	NDUDUZO	8506246170086	M		0842967544	
		MAVUSO	SIZA	8701075883087	M		0732400329	
15	WARD CLLR	ZUNGU	AYANDA	8110195560080	M		0827308681	
	WC MEMBERS	PHIRI	ALLY	8509085391086	M		0829751176	
		ZULU	THABILE	6208040817085		F	0784869787	
		MTHEMBU	NONDUMISO	8610140635085		F	0767516289	
		HLEZA	BAFANA	7303096011086	M		0842967048	
		DLUDLA	NGCEBO	7711075654082	M		0736816210	N/A
		ZULU	NTOMBIZANDILE	5403250638088		F	0731931548	
		NHLEKO	MTHUNZI	8809125851085	M		0728587678	
		GCALEKA	GCINA	6208180632086		F	0722203178	
		MNGOMEZULU	PHILISIWE	7805050348080		F	0818997510	
		BUTHELEZI	NONHLANHLA	5908130818080		F	0732242699	
16	WARD CLLR	GWALA	ANDILE	8808285723084	M		0789946492	
	WC MEMBERS	GUMEDE	SIPHO	7002015628083	M		0782471852	
		MAGWAZA	LINDA	8507026068086	M		0795869375	
		MNGOMEZULU	NKOSINGIPHILE	6705285337083	M		0736907000	
		MTSHALI	SIBUSISO	7002235358081	M		0764286990	
		KWEYAMA	SIBUSISO	7407166145086	M		0644286990	N/A
		MOTHA	MJABULISENI	7503185411085	M		0735610592	
		MTHETHWA	NOMPUMELELO	7804180514083		F	0716230018	
		MCUBE	AURELIA ZAMA	8403031627084		F	0785737250	

		ZULU	BONGIWE			F	0785984545	
		MHLONGO	VELIE	7704270421084		F	0787470285	
17	WARD CLLR	TEMBE	NOVEMBER	6005315398084	M		0760655906	
	WC MEMBERS	MAPHUMULO	THANDAZILE	6206200704085		F	0724922805	N/A
		BUSANE	SITHABISA	8604146277083	M		0719387765	
		MSWELI	JEREMIYA	5312125558084	M			
		KHUMALO	NTUTHUKO	9002045718084	M		0737025171	
		KHUMALO	THEMBEKA	9209231354083		F	0739791785	
		MFEKA	ZODWA	6506070394085		F	0735478783	
		NXELE	GABISILE	8312110344083		F	0737469282	
		HADEBE	ZOLILE	7009215597083	M		0781030857	
		MBELE	JOB	6606095707087	M		0732506307	
		DANISA	WINSON	7212025462080	M			
18	WARD CLLR	MSIMANGO	NICHOLAS		M		0785166507	
	WC MEMBERS	NXUMALO	SDUDLA	6711120612086		F	0799378733	SFUNDO MBUYAZI 0832011060
		MJADU	ZAMANI	8308226089083	M		0764764077	
		MZIMELA	MAVIS	6211270664086		F	0733646666	
		VUNDLA	PHUMULILE	6802010607086		F	0837142834	
		MDLULI	GOODENOUGH	6010085408089	M		0735789782	
		KHUMALO	NOMPUMELELO	8205171023085		F	0796722262	
		MABHIDA	PHENDUKANI	8405025481089	M		0735204973	
		NGEMA	BONGANI	7803055822084	M		0793197635	
		HLONGWANE	HLENGIWE	6802010607086		F	0760226456	

APPENDIX F

CONDITIONAL GRANTS RECEIVED: INCLUDING MIG

- Neighbourhood Development Partnership Grant (NDPG) Funding: (1 July 2018 to 30 June 2019): Gazette Allocation: R10 667 000.00

  Upgrade and Improvement of the Sundumbili/Mandeni CBD:

  - Construction of Access No.1 and P459: (IDP Reference No. TSID19).

- Municipal Infrastructure Grant (MIG): Gazette Allocation: R34 706 000.00

  - New Streetlights (540) to be installed in all municipal wards (18) in Mandeni (IDP Reference No. TSID04)
  - Construction of Phase 3 Sidewalks (IDP Reference No. TSID05)
  - Construction for Nyoni Phase 3 under-pass (IDP Reference No. TSID06)
  - Appointment of Contractor for the Construction of the Nyoni Taxi Route Phase 4 (IDP Reference No. TSID07)
  - Contractor appointment for upgrade and improvement of Enembe Road in wards 7,13,14 (IDP Reference No. TSID08)
  - Completion of 4.4 km of roads to be upgraded in Highview Park Ward 3 (IDP Reference No. TSID09)
  - Construction Multipurpose hall in Ward 13 completed (IDP Reference No. TSID17)
  - Construction of 1 Multi- purpose Hall in W5 (IDP Reference No. TSID18)

- Municipal Funding:

  - Fencing of substation in Ward 3, Patrys Road: (IDP Reference No. TSID14).
  - Replacement of RMU in ward 3, Patrys Road by 30 June 2019: (IDP Reference No. TSID15).
  - Construction of the parking and retaining wall at the main municipal offices in ward 3 (Package B Civic Centre Upgrade): (IDP Reference No. TSID30).
  - Practical Completion of the Reception and Council Chambers in ward 3: (IDP Reference No. TSID36).
  - Maintain a functional Infrastructure Development Programme Steering Committee (IDProgSC): (IDP Reference No. TSID35)

- <u>Department of Energy: Integrated National Electrification Programme (INEP) Funding plus top-up funding from KZNCOGTA: R6 786 000.00</u>

  - 287 Households to be provided with electrification infrastructure (dry connections) in ward 9 (Nyathini): (IDP Reference No. TSID02).
  - 260 households to be provided with electrification infrastructure (Dry Connections) in ward 8 (Nyathini, Lambothi, Wangu): (IDP Reference No. TSID03).

- <u>Neighbourhood Development Partnership Grant (NDPG) Funding: (1 July 2018 to 30 June 2019): Gazette Allocation: R10 667 000.00</u>

  Upgrade and Improvement of the Sundumbili/Mandeni CBD:

  - Construction of Access No.1 and P459: (IDP Reference No. TSID19).

    This project was re-advertised and awarded to Barleda Plant and Civils and the contractor commenced with assessment of work activities and site establishment on the 13th of May 2019. The project duration is 4 months; however the project commencement was slightly delayed due to subcontracting arrangements. The Contractor is currently busy with Earthworks, Manholes and Retaining Wall, Laying of Storm water Pipes. Another concern is the constant safety concerns raised by the community, however, the contractor takes precautionary measures of barricading and placing flagmen to alert vehicles.

- <u>Municipal Infrastructure Grant (MIG): Gazette Allocation: R34 706 000.00</u>

  - New Streetlights (540) to be installed in all municipal wards (18) in Mandeni (IDP Reference No. TSID04)

    The consultant has completed quantifying the lost material and has issued the contractor with an instruction to commence with the remainder of the works with the overall progress being 90%

    Total amount of installed lights to date totals to 487 lights

    Energizing commenced in November, however only two clusters were energized. Contractor has started with energizing for cluster 3 and 4.

    This project delayed due to the loss of material on site, the consultant has tried to resolve the claim of standing time with the contractor, and this is yet to be submitted formally to the municipality. The consultant has advised the municipality to submit and intention to terminate the contract, this is still being municipality for a formal resolution.

- Construction of Phase 3 Sidewalks (IDP Reference No. TSID05)

The project commenced in July 2018. The duration of the project is 4 months with an anticipated completion date being the November 2018. The project progressed well and is practical complete.
This project was broken down into 4 sections with 4 contractors working on each section. Section 1; 3& 4 are practical complete. The Contractor for section 2 is currently finalising the snags.

- Installation of Play Park equipment in Ward 4

Designs of the installation of the Playpark equipment, ablution facilities and earthworks have been completed and cost estimate to be finalised and approved.
A decision was taken by the technical services to use plant and equipment within the operations unit to minimise costs and assist with fast tracking the project implementation.
Once the design of the playpark was completed, it was discovered that there would be a need for additional MIG funding to implement the project. This process is currently underway.

- Construction for Nyoni Phase 3 under-pass (IDP Reference No. TSID06)

This project a turnkey project and was counter funded through the Department of Human Settlements.
The project is split into two for the intersection and the bridge/underpass
The current delay of the project is the labour dispute regarding the boundary of the ward 10 and 17. The community is yet to come to an agreement regarding how the labour for ward 10 and 17 will work together going forward as the project affects both wards and the boundary of both wards is the bridge.

This matter has been resolved and work recommenced on the 06th May 2019. The conclusion was as follows:
One of the delays for the Underpass is acquiring a trackmaster from Transnet to oversee the strapping of the railway lines. This delay has resulted in the consultant advising the contractor to temporarily de-establish site for a few weeks to re-commence once the trackmaster from Transnet is available.

- Appointment of Contractor for the Construction of the Nyoni Taxi Route Phase 4 (IDP Reference No. TSID07)

This project was launched on the 29th January 2019 where the adverts for the CLO were distributed the process of appointing the CLO is in progress. Construction will commence once the CLO has been appointed.
The project is a turnkey project, meaning that the consultants are contracted to appoint contractors, design and implement the entire project.
The project was counter-funded by the department of Human Settlements and will be done in conjunction with the Ilembe District and entails the construction of taxi routes, bulk earthworks and stormwater infrastructure.
This project was due to commence in March, however, the process of the WULA application has delayed the construction activities of the project.

- Contractor appointment for upgrade and improvement of Enembe Road in wards 7,13,14 (IDP Reference No. TSID08)

The Tender was advertised on the 13th November 2018 and was closed on the 14th December 2018. This project was awarded to Jamjo Civils and launched to the community on the 14th of April 2019. The contractor has commenced with site establishment on the 17th of May 2019 and the CLO has been appointed, however the start of the project was slightly delayed due to subcontracting arrangements. The contractor has commenced with milling the top layer.

- Completion of 4.4 km of roads to be upgraded in Highview Park Ward 3 (IDP Reference No. TSID09)

All layer works and surfacing has been completed on the internal roads, road signage has been installed the contractor still need to complete speed humps on cactus road, sidewalk and road marking. The project is 88% complete.
Current outstanding work include sidewalks and speed humps along cactus road and line painting.
There was a query raised by the community with regards to the stormwater design not being sufficient to drain water when there are heavy rains in the area. A site walk meeting will take is scheduled to take place with the councillor and the contractor so that these issues can be recorded and addressed.

- Construction Multipurpose hall in Ward 13 completed (IDP Reference No. TSID17)

Unresolved land disputes have brought the project to a stop. The project was delayed and the municipality referred the matter to court for judgement.

- Construction of 1 Multi- purpose Hall in W5 (IDP Reference No. TSID18)

  The project is 90% complete as the contractor has completed the parking, building and the guard house. The current activity is completion of the landscaping.

➢ Municipal Funding:

- Fencing of substation in Ward 3, Patrys Road: (IDP Reference No. TSID14).

  Budget was cut due to the reprioritization by the Municipality during the budget adjustment. The target was the 4th quarter however could not be achieved due to the reprioritisation process. Recommendations were made for the project to be considered in the new financial year.

- Replacement of RMU in ward 3, Patrys Road by 30 June 2019: (IDP Reference No. TSID15).

  The RMU was replaced timeously at Patrys Road.

- Construction of the parking and retaining wall at the main municipal offices in ward 3 (Package B Civic Centre Upgrade): (IDP Reference No. TSID30)

  The project handover was done in July 2018. Due to social challenges experienced on this project, construction only commenced in October 2018. The contractor has completed site establishment, steel treatment and completion of the existing retaining wall has been archived. Laying and backfilling of the subsoil drainage is completed, as well as the construction of the retaining wall. The contractor has finalised the Earthworks for the access Road and will commence with the processing of imported materials.

- Practical Completion of the Reception and Council Chambers in ward 3: (IDP Reference No. TSID36).

  The main contractor for this project was removed from site due to cash flow challenges and was unable to complete the project and the project is currently being completed by sub-contractors. The current outstanding items is the commissioning of the services and the final fix of the electrical work, cleaning of the building and touch up- of the shadow lines.

  The building has been sectionally handed over and the HVAC, Media, Plumbing and electrical work have been commissioned.

- Maintain a functional Infrastructure Development Programme Steering Committee (IDProgSC): (IDP Reference No. TSID35)

  The next meeting will be held in the next financial year which may be in November 2019.

➢ <u>Department of Energy: Integrated National Electrification Programme (INEP) Funding plus top-up funding from KZNCOGTA: R6 786 000.00</u>

- Households to be provided with electrification infrastructure (dry connections) in ward 9 (Nyathini): (IDP Reference No. TSID02).

  The project is currently 99% complete, contractor is left with one last outage to energise 14 energise 14 customers

  307 dry connections were identified during the design stage and 21 additional connections were identified during construction. 328 dry connections have been achieved in 07 December 2017. Construction is currently at 99 % complete and all remaining works are outage dependant. The final outage was confirmed for the 29th of March 2019 but did not materialise due to the protests in the area.

  314 customers have been energised to date, and the contractor is left with one last outage where 14 customers will be energised, Eskom has not yet given a date.

- Households to be provided with electrification infrastructure (Dry Connections) in ward 8 (Nyathini, Lambothi, Wangu): (IDP Reference No. TSID03).

  The project is 99% for 315 connections.

  All the outages have been done, commission to commence thereafter.

  Site activities include replacing stolen infrastructure, meter installations and defects clearing. 123 Dry connections achieved so far. 45 additional connections have been identified; construction of these has been completed. Outages have been booked, proposed first outage date is 05 February 2019 and the last outage is planned for 14 February 2019, these dates did not materialise due to shortages of operators from Eskom and changed to 25 February 2019 and 07 March 2019 respectively. Outages for the original scope have been completed, only 1 MV tie-in to be completed for additional connections. Currently 209 customers have been energised, the balance of households could not be energised due to the loss of material. Contractor has put in a claim to the insurer but has said he will try where he can to continue with the work s insurance will only pay out after three months.

  Construction is at 99%.

- Households to be provided with electrification infrastructure (Dry Connections) in ward 10 Khenana Electrification Project Phase 3

  The project was launched to the community on the 14 April 2019 and awarded to Uptown Trading. The contractor has established on site and commenced with site activities. Construction is at 10% poles have been planted in all households and MV (medium voltage conductor) stringing is complete LV stringing is yet to commence

- Households to be provided with electrification infrastructure (Dry Connections) in ward 3 Ifalethu Mangeza Electrification Project

  The project is 99% complete, 167 households are energised and commissioned.

  32 additional connections were identified during construction and 22 of these connections have been constructed with the balance to be to be done under outage conditions.

  One Outage was done to energise 29 households but this is pending energising transformers inside households. One of the major challenges is the theft material on sites.

- Households to be provided with electrification infrastructure (Dry Connections) in ward 12 Thulas Eziwewe Electrification Project

  This project has been awarded to MG Electrical and was launched to the community on the 14 April 2019 and formal handover to the contractor took place on the 25th of April 2019.

  Construction is at 50%, pole planting is underway. There were also 5 poles that were stolen.

APPENDIX G

<u>SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS</u>

A] SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

The service that we provide as a municipality is **waste collection**

- ✓ Here we have a routinely weekly plan , that accommodates all these entities , which is consistently delivered accordingly
- ✓ We even provide wheelie bins for these entities

Hence we do not have backlogs.

B] THE Q SECTION – BACKLOGS BY OTHER DEPARTMENTS

Mandeni has the following clinics

- Ndulinde
- Isithebe
- Sundumbli
- Hlomendlini
- Mandeni, and
- Ohwebede

All these are serviced by Eskom for electricity, and Ilembe District

Pertaining to schools, Mandeni has two **circuits, namely Gingindlovu Circuit and Gingindlovu Circuit, and part of Phambela Circuit (in ward 3 & 4)**

About 18 of the rural schools do have access to water, and these schools are situated in ward 06 , ward 1, 2,8, 5 & 9

APPENDIX H

THIRD TIER ADMINISTRATIVE STRUCTURE

Mandeni Municipality Organisation Structure
KZN 291

MANDENI

MUNICIPALITY

P.O.BOX 144
MANDENI
4490

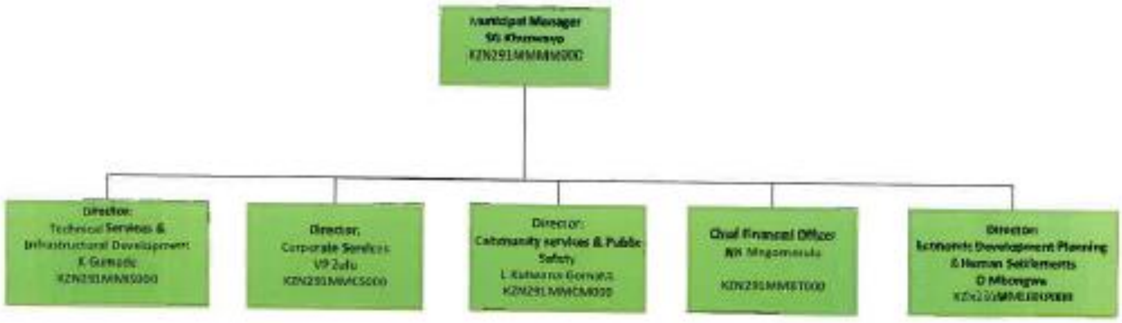
TELEPHONE : 032-4568200 FAX : 032-4562567 WEBSITE: www.mandeni.gov.za

LEGEND

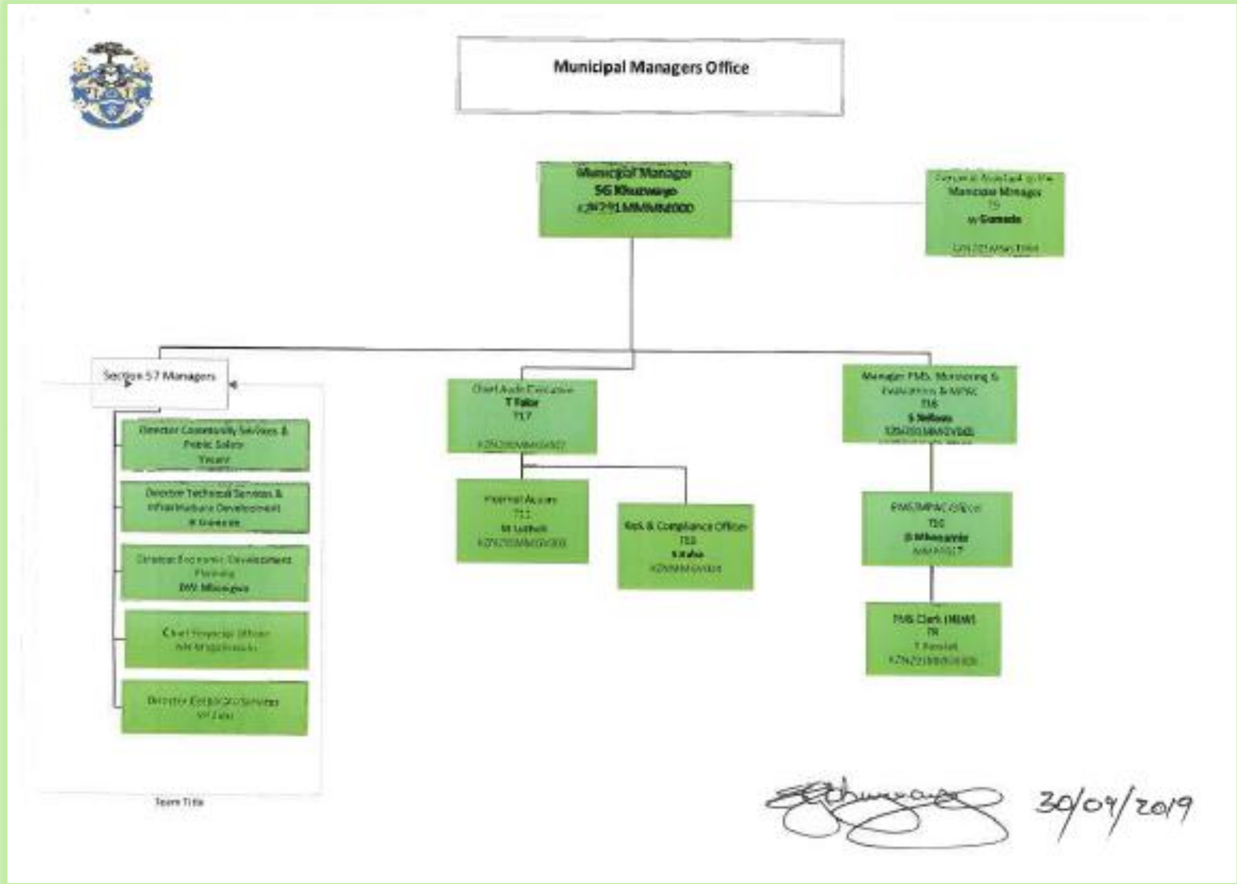
OCCUPIED /FILLED	VACANT/ BUT BUDGETED FOR	OUTSOURCED	INTERNS
Green	Red	Light blue	Yellow

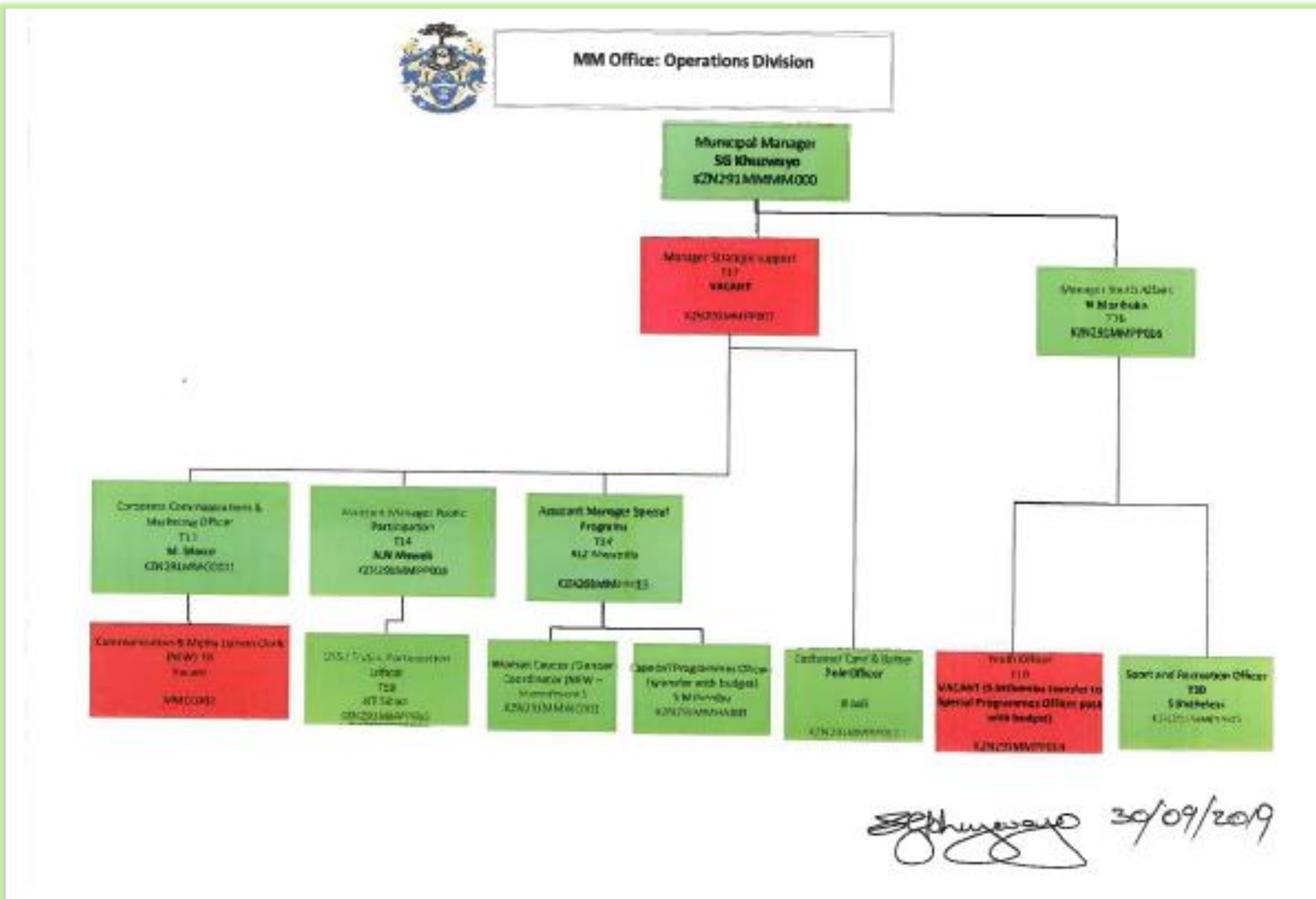
30/09/2019

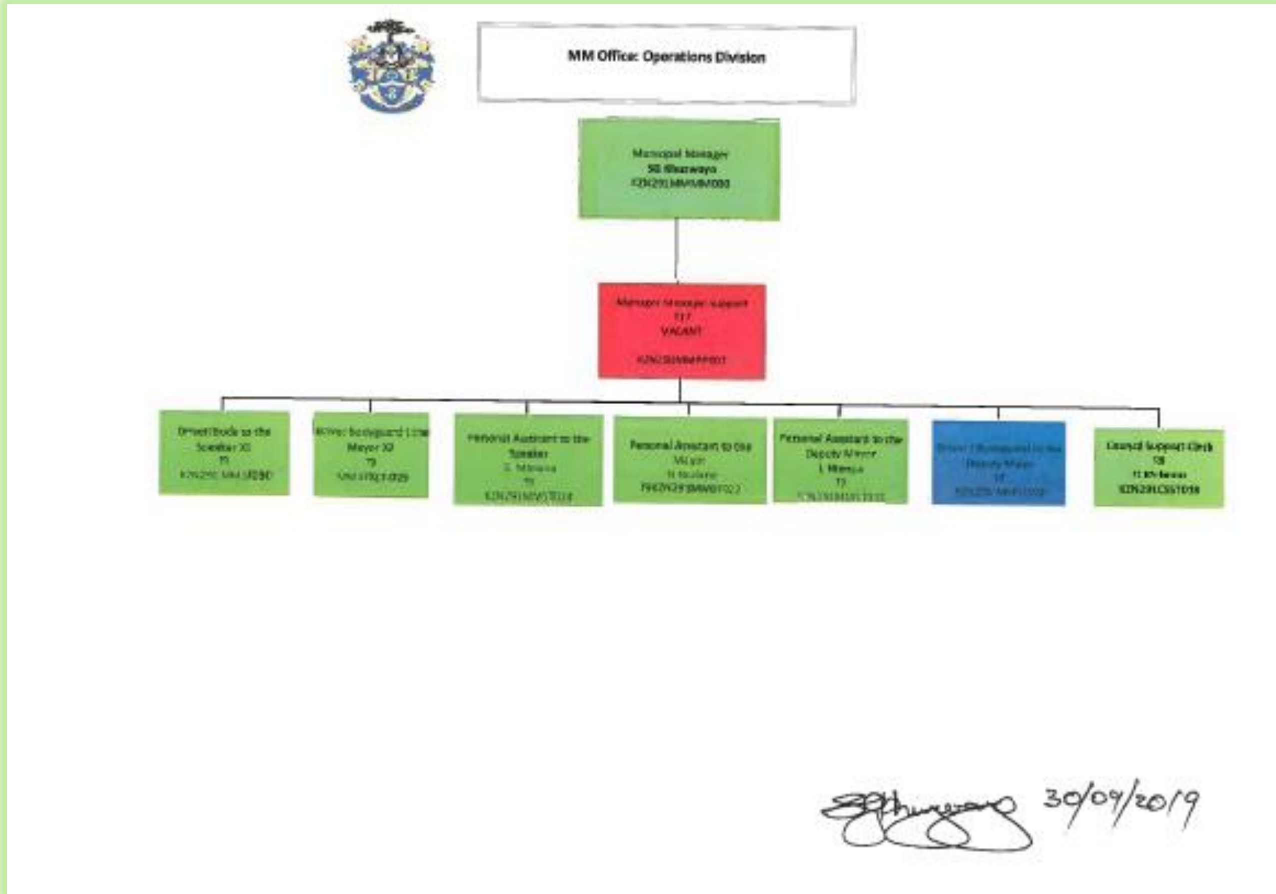
Mandeni Municipality Organisation Structure
KZN 291



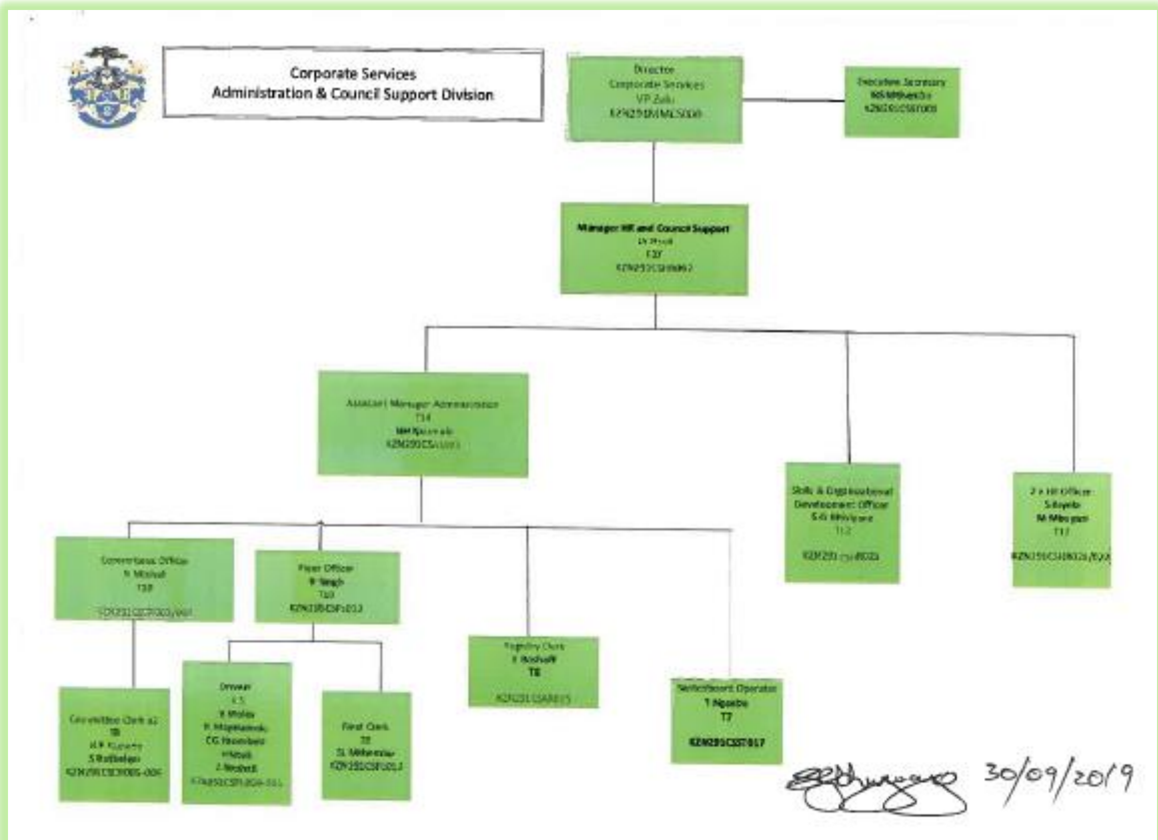
30/09/2019


Municipal Managers Office
Municipal Manager
SG Khuzwayo
KZN291MMMM000
Section 57 Managers
Director Community Services & Public Safety
Director Technical Services & Infrastructure Development
Chief Audit Executive
T17
Risk & Compliance Officer
Manager PMS, Monitoring & Evaluations & MPAC
T16
PMS Clerk (NEW)
30/09/2019

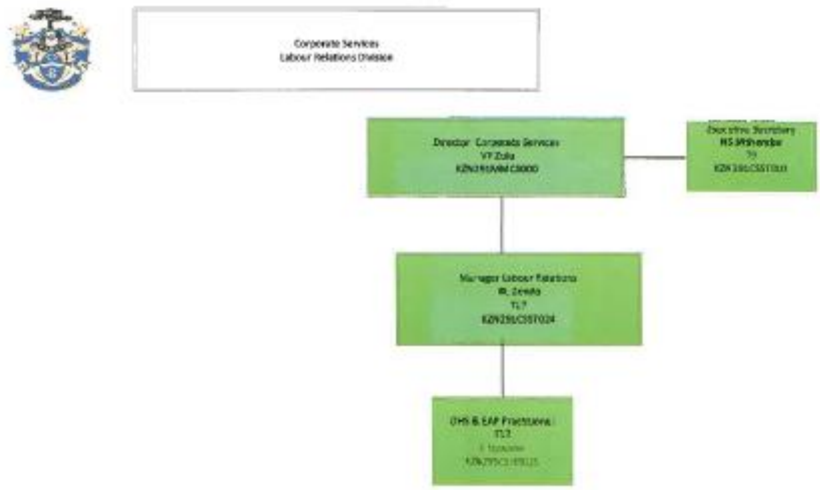

MM Office: Operations Division
Municipal Manager
SG Khuzwayo
KZN291MMMM000
Manager Strategic support
T17
VACANT
Manager Youth Affairs
Corporate Communications & Marketing Officer
T13
Assistant Manager Public Participation
T14
Assistant Manager Special Programs
Communication & Media Liaison Clerk (NEW)
Vacant
Youth Officer
Sport and Recreation Officer
30/09/2019



MM Office: Operations Division
Municipal Manager
VACANT
Personal Assistant to the Speaker
Personal Assistant to the Mayor
Personal Assistant to the Deputy Mayor
Council Support Clerk
30/09/2019

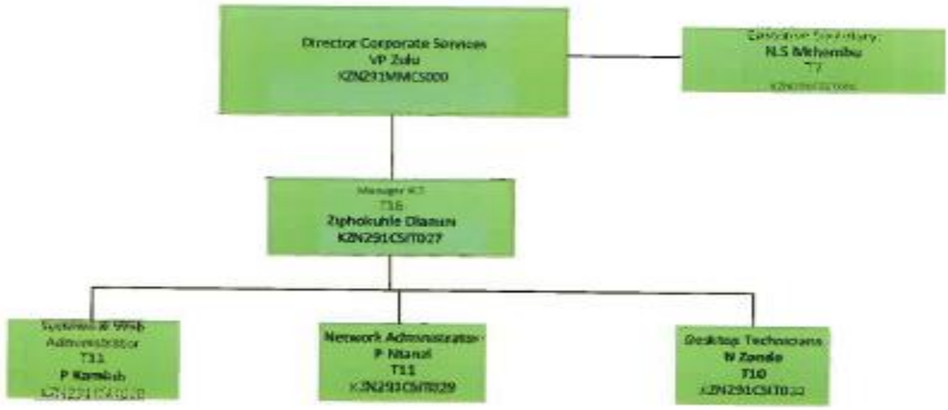


Corporate Services
Administration & Council Support Division
Director
Corporate Services
VP Zulu
Executive Secretary
Manager HR and Council Support
Assistant Manager Administration
T14
Skills & Organisational Development Officer
Registry Clerk
Switchboard Operator
T7
Committee Clerk
Driver
Filing Clerk
30/09/2019


Corporate Services
Labour Relations Division
Director Corporate Services
Executive Secretary
Manager Labour Relations
TL7
OHS & EAP Practitioner

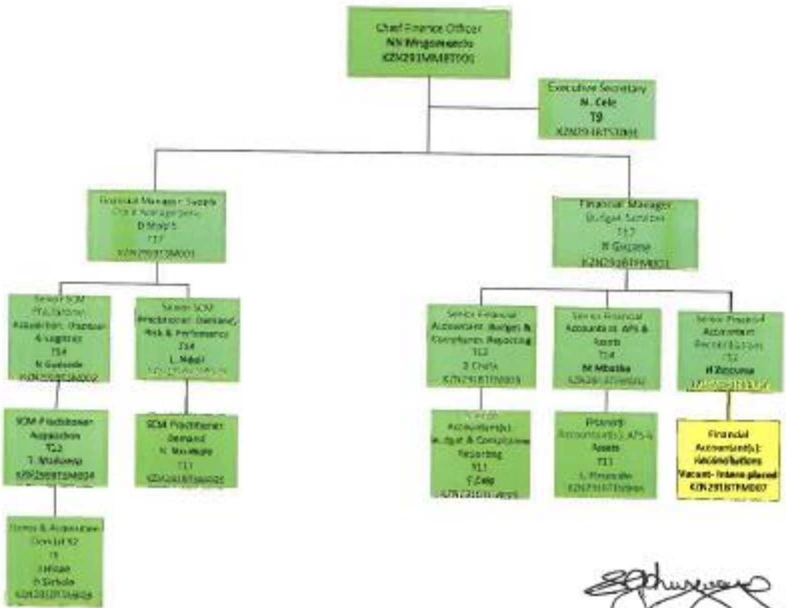
30/09/2019

Corporate Services
Information Technology Division



30/09/2019

Financial Services
Supply Chain Management & Budget Services Divisions



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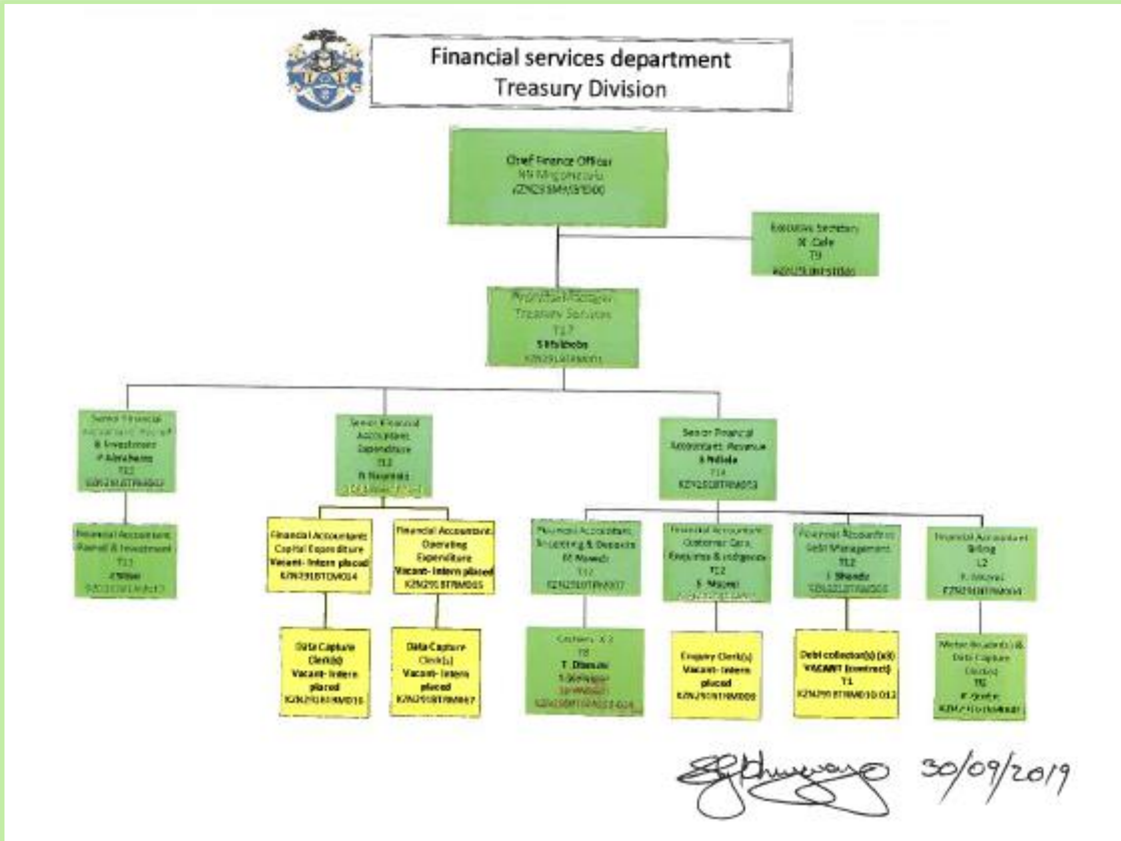
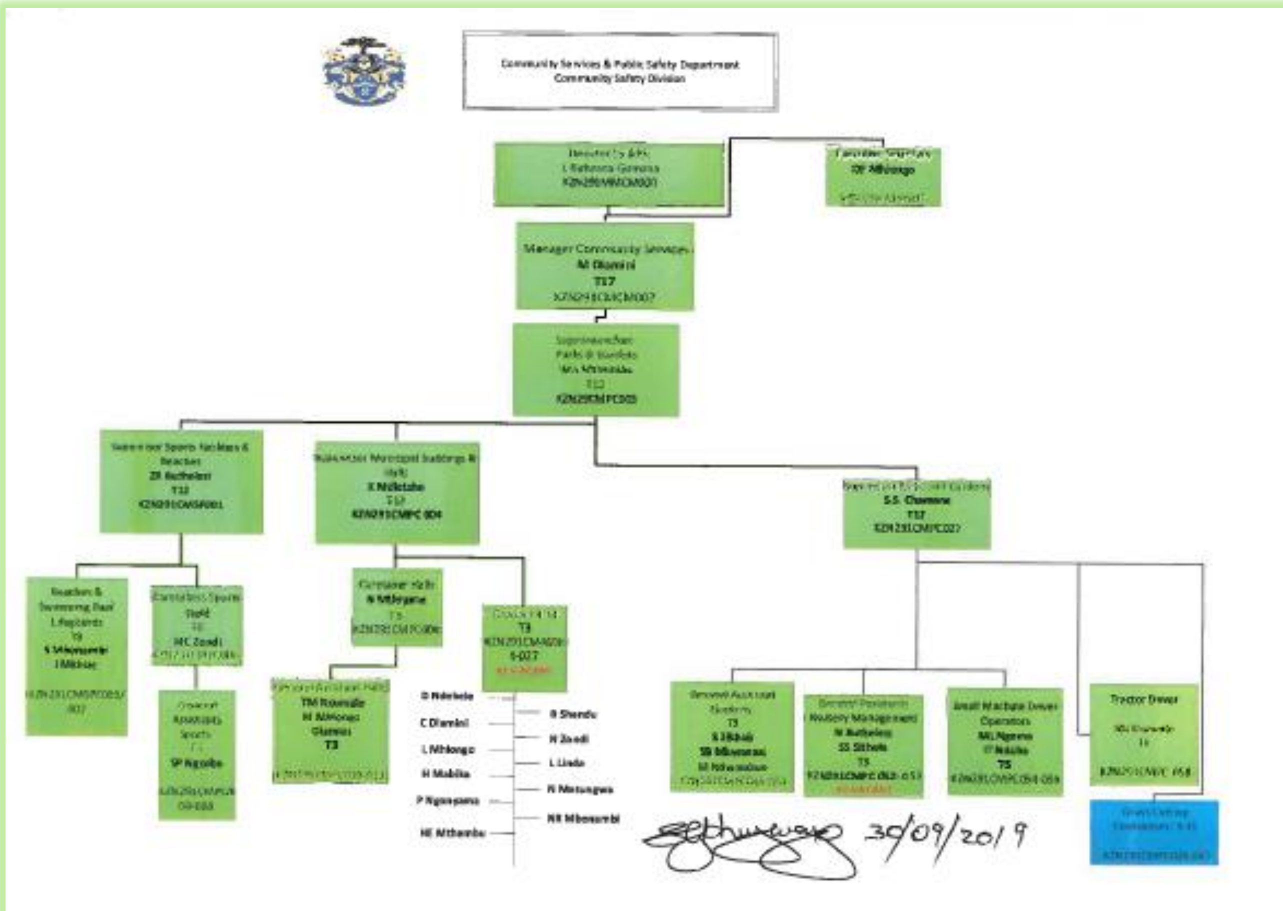
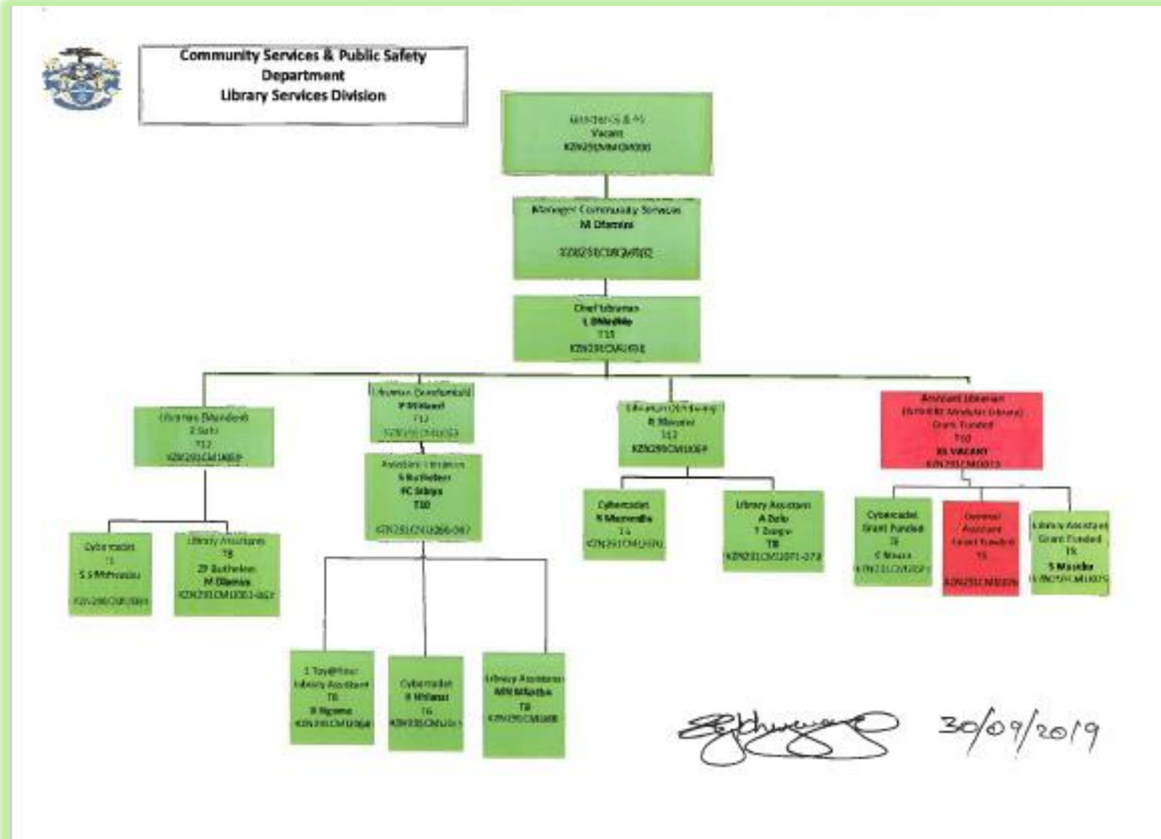
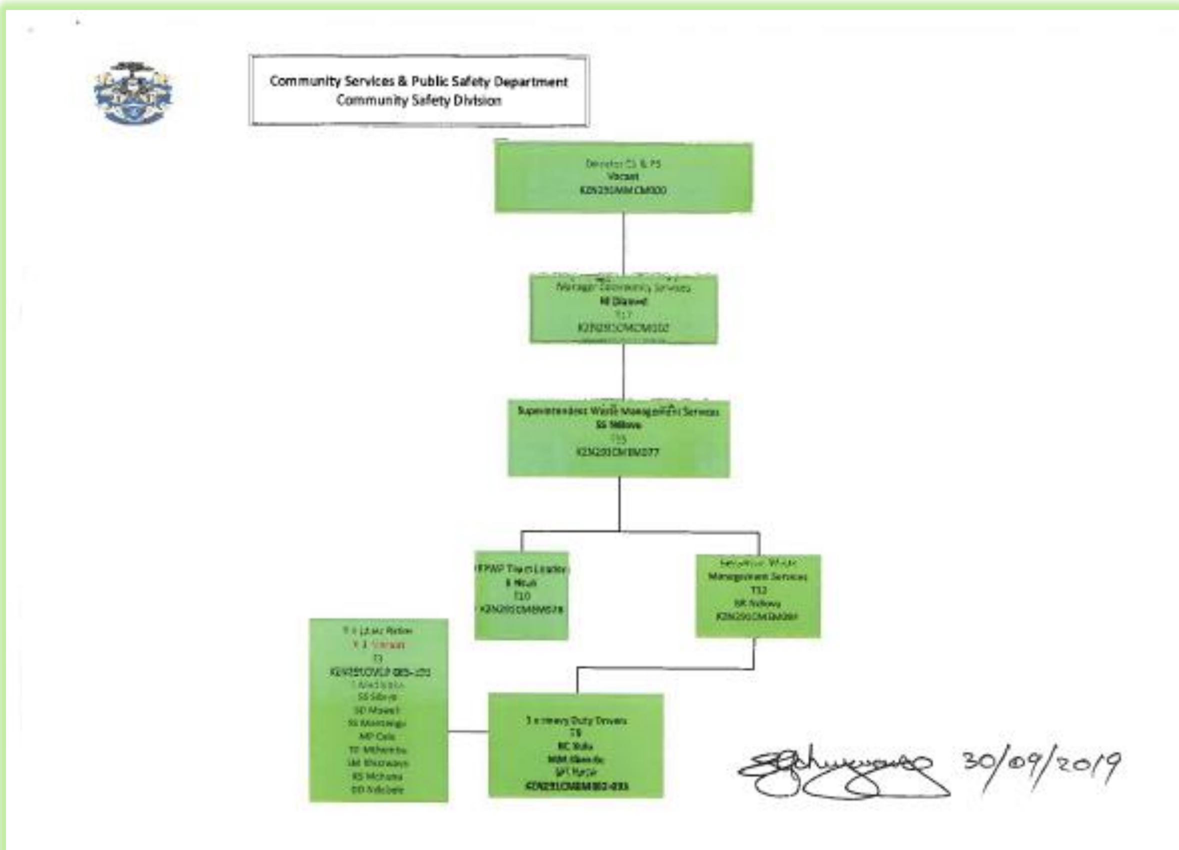


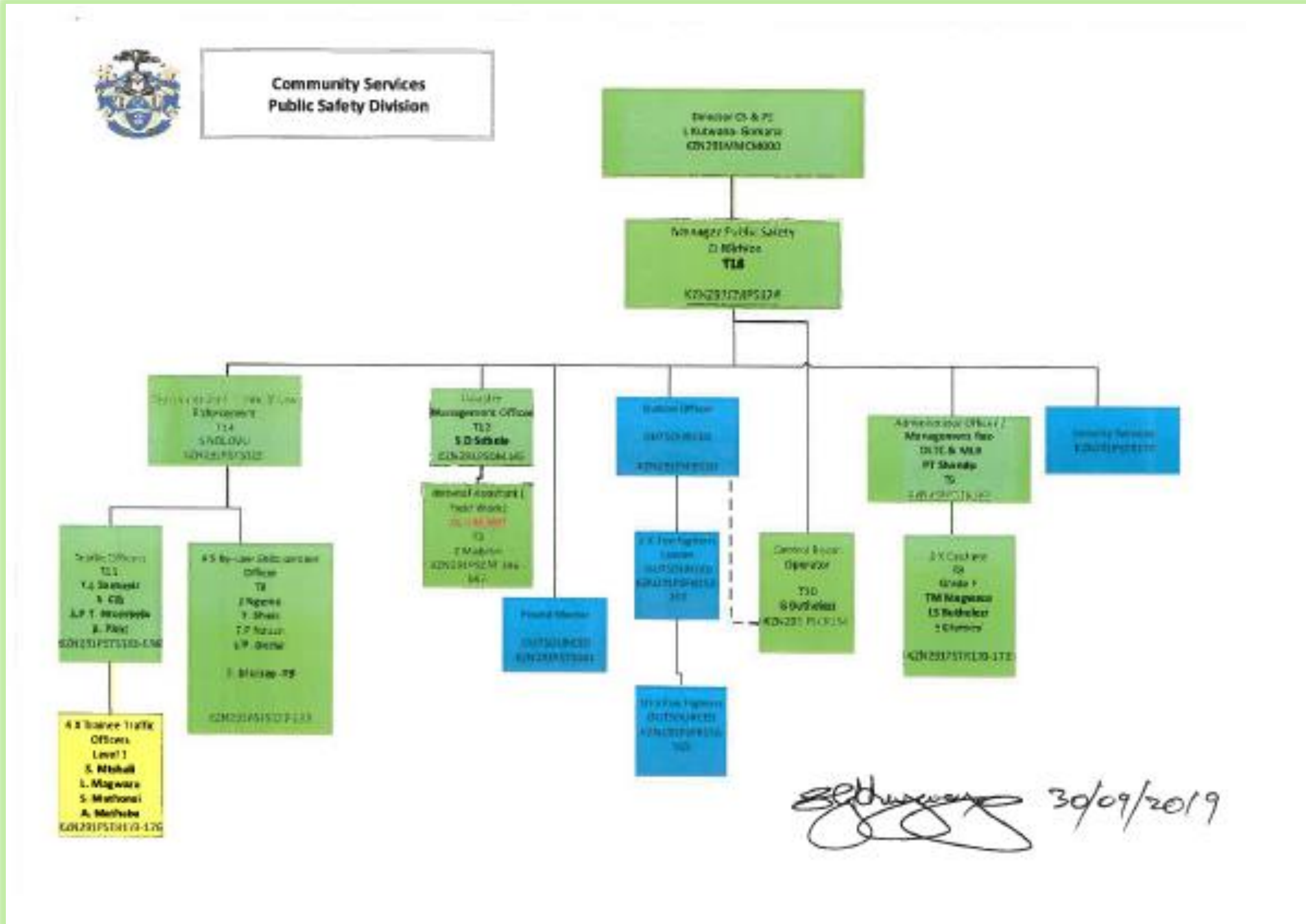
Financial services department
Treasury Division
Chief Finance Officer
30/09/2019



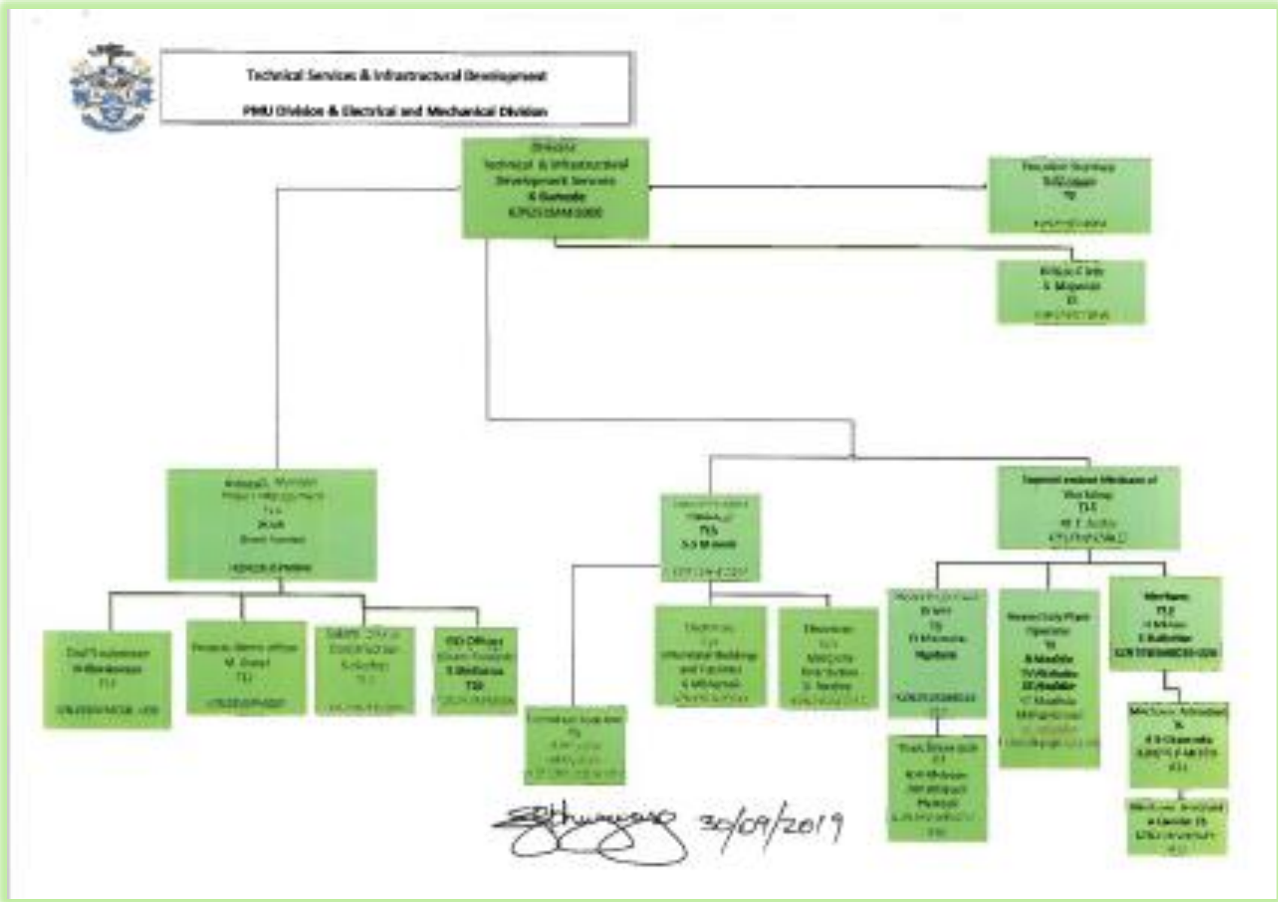
Community Services & Public Safety Department
Community Safety Division
Manager Community Services
M Dlamini
T17
Tractor Driver
30/09/2019

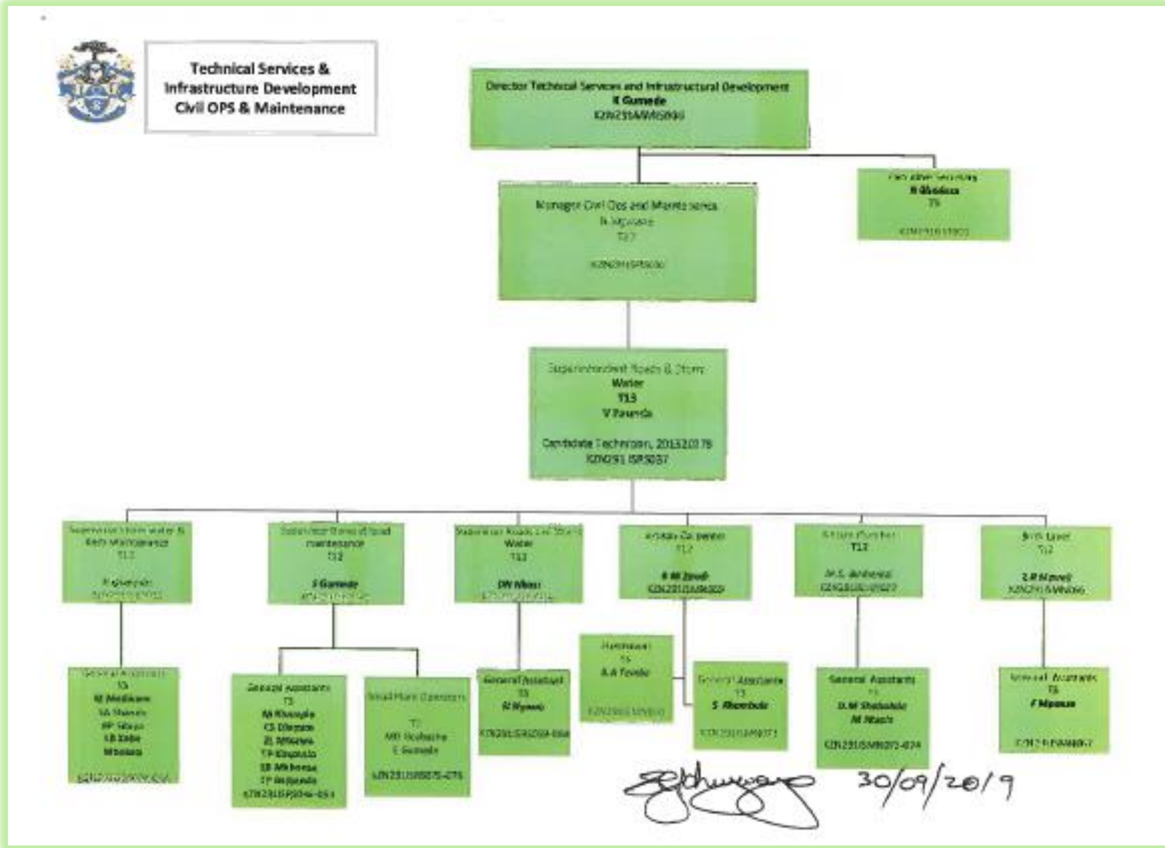

Community Services & Public Safety
Department
Library Services Division
Vacant
Chief Librarian
T15
Cybercadet
Library Assistant
A Dolo
T8
Cybercadet
Library Assistant
Cybercadet
Grant Funded
Library Assistant
Grant Funded
30/09/2019

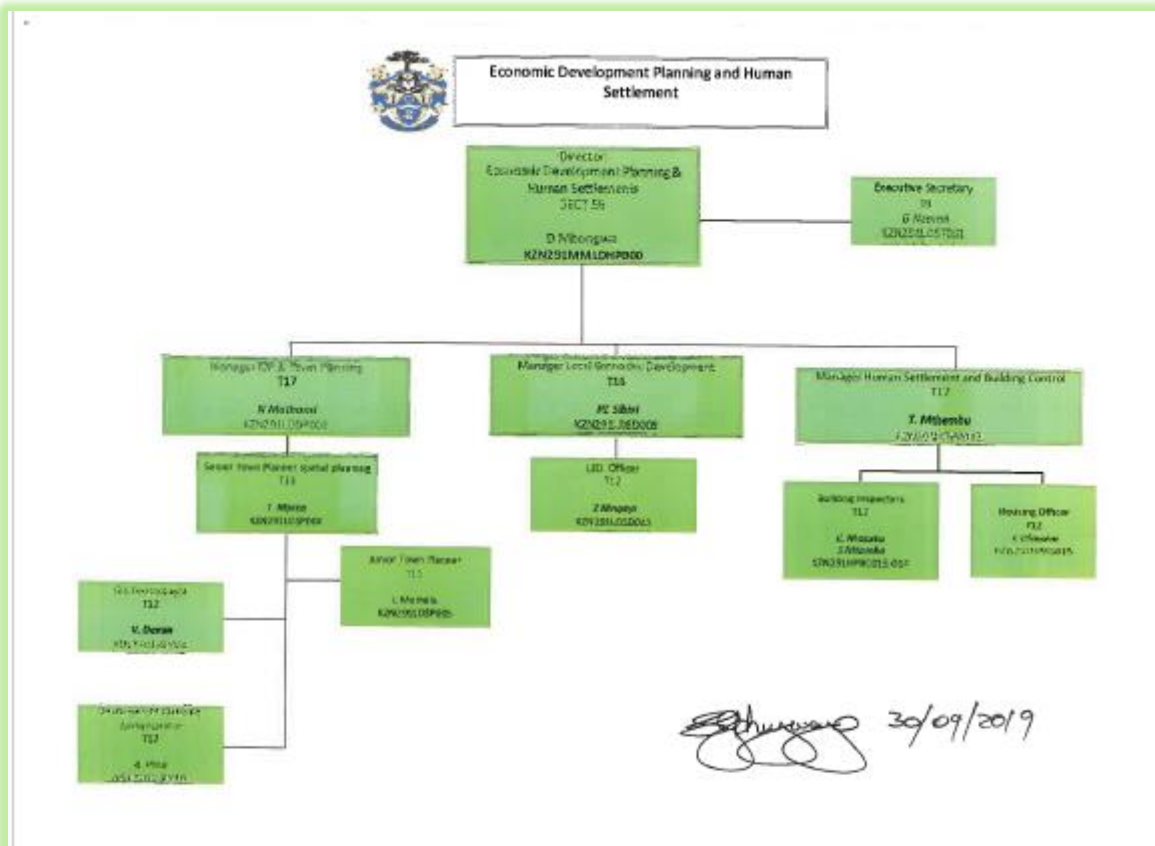

Community Services & Public Safety Department
Community Safety Division
Director CS & PS
Vacant
KZN293MM CM300
Superintendent Waste Management Services
T15
KZN293CMBM077
EPWP Team Leader
T10
Management Services
T12
3 x Heavy Duty Drivers
T8
T3
30/09/2019



Community Services
Public Safety Division
Manager Public Safety
T18
Control Room Operator
T10
30/09/2019


Technical Services & Infrastructural Development
PMU Division & Electrical and Mechanical Division
30/09/2019


Technical Services & Infrastructure Development Civil OPS & Maintenance
Director Technical Services and Infrastructural Development
K Gumede
Manager Civil Ops and Maintenance
T17
Superintendent Roads & Storm Water
T13
Candidate Technician, 20132078
T12
General Assistants
T3
Small Plant Operators
Bricklayer
General Assistants
30/09/2019


Economic Development Planning and Human Settlement
Director
Economic Development Planning & Human Settlements
SECT 56
D Mbongwa
KZN291MM1DHP000
Executive Secretary
Manager IDP & Town Planning
T17
N Msibanzi
Manager Local Economic Development
T16
PZ Sibisi
Manager Human Settlement and Building Control
T17
T. Mthembu
Senior Town Planner spatial planning
LED Officer
T12
Z Mngoye
Building Inspectors
T12
Housing Officer
T12
Junior Town Planner
T12
V. Duran
T12
30/09/2019

APPENDIX I

Mandeni Municipality Powers and Functions

In terms of Section 156 of the Constitution of the Republic of South Africa, 1996, a municipality has executive authority in respect of, and has the right to administer:

- The local government matters listed in Part B of Schedule 4 and Part B of Schedule 5; and
- Any other matters assigned to it by national or provincial legislation.

In addition, national and provincial governments must assign to a municipality, by agreement and subject to any conditions, the administration of a matter listed in Part A of Schedule 4 or Part A of Schedule 5 to the Constitution which necessarily related to local government, if:

- That matter would most effectively be administered locally; and
- The municipality has the capacity to administer it. (Section 156(4), Constitution)

Section 83 read with section 84(1) and (2) of the Municipal Structures Act 117 of 1998 (Structures Act) divides up the functions listed in Schedule 4B and 5B of the Constitution between local municipalities and district municipalities.

The Minister, in terms of section 84(3) of the Structures Act, and the MEC, in terms of section 85(1) of the Structures Act may make adjustments to the functions and powers of local and district municipalities by way of notice in the Government Gazette and Provincial Gazette respectively.

National Legislation may also assign certain duties and responsibilities relating to national or provincial government powers and functions.

In addition to the above, a district municipality is obligated in terms of section 83 (3) to seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by –

- Ensuring integrated development planning for the district as a whole;
- Promoting bulk infrastructure development and services for the district as a whole;
- Building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking; and
- Promoting the equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services within the area.

APPENDIX J

- LONG TERM CONTRACT AND PUBLIC PRIVATE PARTNERSHIPS

Unspent conditional grants and receipts comprises of:

EPWP grant	R 110 522.00
Library KZNPA grant	R 911 445.00
Sport & recreation grant	R 60 211.00
NDP grant	R 4 831 428.00
INEP grant	R 2 549 320.00
	R 8 462 926.00

Roll overs for the following Unspent grants were approved after the 30 June 2017 and were included in the Adjustment Budget for 2017/18

INEP (Electrification Grant)	R 2 549 000.00
EPWP	R 92 522.00
Library grant	R 911 445.00
Total	**R 3 552 967.00**

Contracts longer than 12 months:

Future finance charges:	
In second to fifth year inclusive	824 158
Lease payments due:	
In second to fifth year inclusive	3 377 797
Total	**4 201 955**

VOLUME II

X

Mandeni Municipality
Annual Financial Statements
for the year ended 30 June 2019

General Information

~~**Legal form of entity**~~	~~Municipality in terms of section 1 of the Local Government: Municipal~~ Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of services (electricity and refuse) to communities in a sustainable manner to promote social and economic development, and to promote a safe and a healthy environment.
MEMBERS OF EXECUTIVE COUNCIL	
Deputy Mayor	Cllr PM Sishi (Acting Mayor)
Members of the Executive Committee	Cllr T P Mdlalose
	Cllr RL Mdletshe
	Cllr MS Mdunge
	Cllr NF Ntuli
	Cllr M Shelembe
Other councillors	Cllr MT Cele
	Cllr N Dlamini
	Cllr A M Gwala
	Cllr EK Dube
	Cllr ST Magwaza
	Cllr S J Mathonsi
	Cllr S Z Mdletshe
	Cllr S R Mdletshe
	Cllr M V Mhlongo
	Cllr EL Dube
	Cllr M C Mkhaliphi
	Cllr M M Mngadi
	Cllr N Msimango
	Cllr C L Mthembu
	Cllr B W Mthethwa
	Cllr K Naidoo
	Cllr M Ngubane
	Cllr S Nkwanyana
	Cllr N Nomvete
	Cllr N T Shandu
	Cllr T P Shandu
	Cllr N R Sibiya
	Cllr D M Sithole
	Cllr NR Tembe
	Cllr A A Zungu
	Cllr GN Zungu
	Cllr TP Zungu
	Cllr B A Khumalo
Senior management	S G Khuzwayo - Municipal Manager
	NN Mngomezulu - Chief Financial Officer
	VP Zulu - Director: Corporate Services
	K P Gumede - Director: Technical Services
	D Mkhize - Acting Director: Public Safety and Community Services

W D Mbongwa - Director: Economic Development, Planning and Human Settlement

General Information

	Auditor-General South Africa
Auditors	
Bankers	First National Bank Nedbank Standard Bank
Registered office	Mandeni Municipal Office 2 Kingfisher Road Mandeni 4490
Business address	2 Kingfisher Road Mandeni 4490
Postal address	P O Box 144 Mandeni 4490
Telephone number	032 - 456 8200
Fax number	032 - 456 2504
Email address	info@mandeni.gov.za
Grading of local authority	3
Jurisdiction	Mandeni Boundary (as determined by the Demarcation Board)
Legislation governing the municipality's operations	Local Government: Municipal Finance Management Act (Act 56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Constitution of the Republic of south Africa (Act 108 of 1998) Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007)

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~~The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:~~

Index

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
FMG	Financial Management Grant
INEP	Integrated National Electrification Programme
EPWP	Expanded Public Works Programme

Accounting Officer's Responsibilities and Approval

~~The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate~~ accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

I am responsible for the preparation of these annual financial statements, which are set out on pages 7 to 83, in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003) and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Corporative Governance and Traditional Affairs' determination in accordance with this Act.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and, in light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor, being the Auditor General of South Africa, is responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors.

The annual financial statements set out on pages 7 to 83 which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2019 and were signed by:

SG Khuzwayo
Accounting Officer

31 August 2019

Accounting Officer's Report

~~The accounting officer submits his report for the year ended 30 June 2019.~~

1. Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus of R 566,708,742 and that the municipality's total assets exceed its liabilities by R 568,405,195.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

2. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the year.

3. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

4. Non-current assets

There were no changes in the policy relating to the use of non-current assets.

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	5,801,020	11,276,165
Call investments	4	54,805,678	24,600,165
Receivables from exchange transactions	5	16,367,204	19,666,853
Receivables from non-exchange transactions	6	32,903,038	50,146,363
Inventories	7	508,412	513,008
VAT receivable	8	4,210,863	13,825,727
		114,596,215	**120,028,281**
Non-Current Assets			
Investment property	9	57,876,705	57,921,705
Property, plant and equipment	10	443,461,700	428,276,663
Intangible assets	11	835,853	1,104,734
		502,174,258	**487,303,102**
Total Assets		**616,770,473**	**607,331,383**
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	~~17,543,070~~	~~29,982,716~~
Consumer deposits	13	442,043	596,274
Unspent conditional grants and receipts	14	9,874,503	10,479,119
Finance lease obligation	15	813,391	1,057,081
Operating lease liability	17	37,987	66,575
		28,710,994	**42,181,765**
Non-Current Liabilities			
Finance lease obligation	15	1,890,284	2,703,675
Employee benefit obligation	16	17,764,000	17,570,000
		19,654,284	**20,273,675**
Total Liabilities		**48,365,278**	**62,455,440**
Net Assets		**568,405,195**	**544,875,943**
Reserves			
Housing Development fund		1,696,453	2,032,332
Accumulated surplus	18	566,708,742	542,843,611
Total Net Assets		**568,405,195**	**544,875,943**

* See Note 52 & 53

Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018 Restated*
Revenue			
Revenue from exchange transactions			
~~Service charges~~	~~21~~	33,278,866	34,270,822
Rental of facilities and equipment	22	254,142	344,115
Licences and permits	25	1,133,316	1,196,705
Other income	28	737,089	697,144
Interest received - investment	23	4,892,612	3,032,818
Total revenue from exchange transactions		**40,296,025**	**39,541,604**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	20	40,079,522	37,098,118
Property rates - penalties imposed	20	13,850,685	15,217,227
Transfer revenue			
Government grants & subsidies	26	194,857,059	181,914,763
Fines, Penalties and Forfeits	24	402,920	377,499
Donated assets income	27	288,108	-
Total revenue from non-exchange transactions		**249,478,294**	**234,607,607**
Total revenue	19	**289,774,319**	**274,149,211**
Expenditure			
Employee related costs	29	(84,931,191)	(75,846,752)
Remuneration of councillors	30	(13,022,835)	(12,665,665)
Depreciation and amortisation	31	(27,103,257)	(27,987,906)
Bulk purchases	32	(22,907,060)	(16,564,854)
Impairment loss	33	(609,185)	-
Debt Impairment	34	(41,620,980)	(15,144,967)
Lease rentals	35	(1,865,318)	(2,049,367)
Finance costs	36	(2,389,008)	(2,423,492)
Contracted services	37	(44,730,855)	(33,664,050)
Transfers and subsidies	38	(1,340,017)	(1,532,961)
General Expenses	39	(26,642,679)	(24,494,503)
Total expenditure		**(267,162,385)**	**(212,374,517)**
Operating surplus		**22,611,934**	**61,774,694**
Loss on disposal of assets and liabilities		(1,036,323)	(10,716,892)
Fair value adjustments	40	-	28,024,300
Actuarial gains/losses	16	2,289,520	267,819
		1,253,197	**17,575,227**
Surplus for the year		**23,865,131**	**79,349,921**

* See Note 52 & 53

Statement of Changes in Net Assets

Figures in Rand	Other NDR	Accumulated surplus	Total net assets
Opening balance as previously reported	1,943,843	463,545,939	465,489,782
Adjustments			
Prior year adjustments (Note 53)	-	(52,249)	(52,249)
Balance at 01 July 2017 as restated*	**1,943,843**	**463,493,690**	**465,437,533**
Changes in net assets			
Transfer of income surplus to trust capital	88,489	-	88,489
Net income (losses) recognised directly in net assets	88,489	-	88,489
Surplus for the year	-	79,349,921	79,349,921
Surplus for the year as previously stated	-	78,996,170	78,996,170
Prior period errors (Note 53)	-	353,751	353,751
Total recognised income and expenses for the year	88,489	79,349,921	79,438,410
Total changes	88,489	79,349,921	79,438,410
***Balance at 01 July 2018 as restated**	**2,032,332**	**542,843,611**	**544,875,943**
Changes in net assets			
Surplus for the year	-	23,865,131	23,865,131
Transfer of capital surplus to trust capital	(335,879)	-	(335,879)
Total changes	(335,879)	23,865,131	23,529,252
Balance at 30 June 2019	**1,696,453**	**566,708,742**	**568,405,195**

* See Note 52 & 53

Cash Flow Statement

Figures in Rand	Note(s)	2019	2018 Restated*
Cash flows from operating activities			
Receipts			
Taxation		55,466,443	53,889,549
Sale of goods and services		34,270,097	34,557,802
Grants		194,252,443	183,948,956
Interest- External investment		4,892,612	3,032,818
		288,881,595	275,429,125
Payments			
Employee costs		(97,954,026)	(88,512,417)
Suppliers		(120,861,420)	(122,737,423)
Other payments		(611,008)	(704,427)
		(219,426,454)	(211,954,267)
Net cash flows from operating activities	42	**69,455,141**	**63,474,858**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(43,771,338)	(41,960,373)
Proceeds from sale of property, plant and equipment	10	526,481	-
Purchase of other intangible assets	11	(86,956)	(85,600)
Net cash flows from investing activities		**(43,331,813)**	**(42,045,973)**
Cash flows from financing activities			
Finance lease payments		(1,057,081)	(797,719)
Payments relating to Housing Development Fund		(451,326)	-
Interest on reserve capitalised		115,447	88,489
Net cash flows from financing activities		**(1,392,960)**	**(709,230)**
Net increase/(decrease) in cash and cash equivalents		**24,730,368**	**20,719,655**
Cash and cash equivalents at the beginning of the year		35,876,330	15,156,675
Cash and cash equivalents at the end of the year	3	**60,606,698**	**35,876,330**

* See Note 52 & 53

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2019											
Financial Performance											
Property rates	52,732,352	8,060,000	60,792,352	-		60,792,352	53,930,207		(6,862,145)	89%	102%
Service charges	28,787,253	4,150,000	32,937,253	-		32,937,253	33,278,866		341,613	101%	116%
Investment revenue	2,900,000	-	2,900,000	-		2,900,000	4,892,612		1,992,612	169%	169%
Transfers recognised - operational	161,481,000	2,332,139	163,813,139	-		163,813,139	155,280,109		(8,533,030)	95%	96%
Other own revenue	1,999,341	650,000	2,649,341	-		2,649,341	5,105,095		2,455,754	193%	255%
Total revenue (excluding capital transfers and contributions)	**247,899,946**	**15,192,139**	**263,092,085**	**-**		**263,092,085**	**252,486,889**		**(10,605,196)**	**96%**	**102%**
Employee costs	(84,108,532)	-	(84,108,532)	-	-	(84,108,532)	(84,931,191)	-	(822,659)	101%	101%
Remuneration of councillors	(13,441,519)	-	(13,441,519)	-	-	(13,441,519)	(13,022,835)	-	418,684	97%	97%
Debt impairment	(5,799,580)	(9,268,000)	(15,067,580)			(15,067,580)	(41,620,980)	-	(26,553,400)	276%	718%
Depreciation and asset impairment	(29,097,418)	-	(29,097,418)			(29,097,418)	(27,712,442)	-	1,384,976	95%	95%
Finance charges	(919,644)	-	(919,644)	-	-	(919,644)	(2,389,008)	-	(1,469,364)	260%	260%
Materials and bulk purchases	(17,331,363)	(4,000,000)	(21,331,363)	-	-	(21,331,363)	(22,907,060)	-	(1,575,697)	107%	132%

Transfers and grants	(8,328,920)	-	(8,328,920)	-	-	(8,328,920)	(1,340,017)	-	6,988,903	16%	16%
Other expenditure	(88,872,970)	(1,924,139)	(90,797,109)	-	-	(90,797,109)	(74,275,175)	-	16,521,934	82%	84%
Total expenditure	**(247,899,946)**	**(15,192,139)**	**(263,092,085)**	**-**	**-**	**(263,092,085)**	**(268,198,708)**	**-**	**(5,106,623)**	**102%**	**108%**
Surplus/(Deficit)	**-**	**-**	**-**	**-**		**-**	**(15,711,819)**		**(15,711,819)**	**DIV/0%**	**DIV/0%**

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	45,373,000	14,598,214	59,971,214	-		59,971,214	39,576,950		(20,394,264)	66%	87%
Surplus (Deficit) after capital transfers and contributions	**45,373,000**	**14,598,214**	**59,971,214**	**-**		**59,971,214**	**23,865,131**		**(36,106,083)**	**40%**	**53%**
Surplus/(Deficit) for the year	**45,373,000**	**14,598,214**	**59,971,214**	**-**		**59,971,214**	**23,865,131**		**(36,106,083)**	**40%**	**53%**
Capital expenditure and funds sources											
Total capital expenditure	56,547,291	-	56,547,291	-		56,547,291	44,146,402		(12,400,889)	78%	78%
Sources of capital funds											

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	45,373,000	16,189,134	61,562,134	-		61,562,134	39,576,950		(21,985,184)	64%	87%
Internally generated funds	11,174,291	(1,355,000)	9,819,291	-		9,819,291	4,569,452		(5,249,839)	47%	41%
Total sources of capital funds	**56,547,291**	**14,834,134**	**71,381,425**	**-**		**71,381,425**	**44,146,402**		**(27,235,023)**	**62%**	**78%**

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	52,556,293	24,585,544	77,141,837	-		77,141,837	69,455,141		(7,686,696)	90%	132%
Net cash from (used) investing	(56,546,991)	(834,134)	(57,381,125)	-		(57,381,125)	(43,331,813)		14,049,312	76%	77%
Net cash from (used) financing	(2,000,000)	50,000	(1,950,000)	-		(1,950,000)	(1,392,960)		557,040	71%	70%
Net increase/(decrease) in cash and cash equivalents	**(5,990,698)**	**23,801,410**	**17,810,712**	**-**		**17,810,712**	**24,730,368**		**6,919,656**	**139%**	**(413)%**
Cash and cash equivalents at the beginning of the year	21,674,207	14,202,123	35,876,330	-		35,876,330	35,876,330		-	100%	166%

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash and cash equivalents at year end	**15,683,509**	**38,003,533**	**53,687,042**	**-**		**53,687,042**	**60,606,698**		**(6,919,656)**	**113%**	**386%**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 122(3) of Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by economic factors such as inflation and interest rate.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Payables from exchange transactions.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and intangible assets. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

~~**1.1 Significant judgements and sources of estimation uncertainty (continued)**~~

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows under GRAP 13 while the government bond rate was used to discount future cash flows under GRAP 25.

Allowance for debt impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Going concern - assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Investment property

Investment property is property (land or a building - or part of a building) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services; or for
- administrative purposes; or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

1.3 Investment property (continued)

Subsequent measurement - Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period. Items of property, plant and equipmentare initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. The cost also include necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are connected for as property, plant and equipment.

Subsequent measurement - cost model (land and buildings)

Subsequent to initial recognition, land and buildings are carried at a cost amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.4 Property, plant and equipment (continued)

Any increase in asset's carrying amount as a result of revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Subsequent measurement - cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

Where the municipality replaces part of an asset, it derecognises the part of an asset being replaced and capitalises the new component. Subsequent expenditure incurred on a asset is capitalised when it increases the capacity or the future economic benefits associated with the asset.

Depreciation

Depreciation is calculated on a depreciable amount, using the straight line basis over the estimated useful life of items of property, plant and eqiupment unless depreciation of certain assets is being determined using a method other that the estimated useful life.

Components of assets that are significant in relation to the whole asset and have different useful lives are depreciated separately.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The annual depreciation rates are based on the following estimated average useful lives of items of property, plant and equipment and have been assessed as follows:

Item	Depreciation method	Average useful life in years
Buildings	Straight line	30 years
Infrastructure	Straight line	30 years
Community	Straight line	30 years
Other property, plant and equipment	Straight line	5 to 10 years

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimate, the change is accounted for as a change in accounting estimate. In determining the depreciation change for the current year, the residual value for all assets have been taken into account.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectatons differ from the previous estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

~~1.5 Intangible assets~~

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the municipality intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.5 Intangible assets (continued)

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the statement of financial performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or receverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and impairment loss is charged to the statement of financial performance.

Derecognition

Intangible assets are derecognised when the asset is disposed off or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount and is recognised in the statement of financial performance.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Call investment deposits	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non- exchange transactions	Financial asset measured at amortised cost
Other receivables	Financial asset measured at fair value

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

1.6 Financial instruments (continued)

Initial and subsequent measurement

Financial assets

Held-to-maturity Investments and Loans and Receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at Available-for-Sale are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

Financial assets are recognised on the date they originated for loans and receivables and deposits and for other financial assets, initially on the trade date at which the municipality becomes a party to the contractual provision of the instrument.

Financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities are recognised on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of financial assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Initially accounts receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer debtors are stated at cost less a provision for bad debts. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the instruments at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of financial assets due to non recoverability.

Accounting Policies

1.6 Financial instruments (continued)

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Derecognition of financial liabilities

The municipality derecognises financial liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Property, plant equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured at the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance costs and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorted of the asset's useful life or the lease term.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing.

Operating leases are those leases that do not fall within the scope within the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Accounting Policies

~~1.8 Inventories~~

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

1.9 Impairment of cash-generating assets (continued)

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:
- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

1.9 Impairment of cash-generating assets (continued)

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.10 Employee benefits

Employee benefits are all forms of consideration given by a entity in exchange for service rendered by employees.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which a entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

~~1.10 Employee benefits (continued)~~

Multi-employer plans and/or State plans and/or Composite social security programmes

The entity classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the entity accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the entity accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.10 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service) on retirement, is entitled to remain a continued member of the medical aid fund in which case the municipality is liable for a certain portion of the medical aid membership fee.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:
- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

~~1.10 Employee benefits (continued)~~

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, a entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

1.10 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:
- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Long-term service awards

The municipality has an obligation to provide long term service awards to all if its employees who have been in service of the municipality for a certain periiod of time. According to the rules of the long-term service allowance scheme, which the municipality has instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 5,10, 15, 20, 25, 30, 35, 40 and 45 years of continued service.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liability. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.10 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.11 Provisions and contingencies

Provisions are recognised when:
- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating expenditure.

If an municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

~~1.11 Provisions and contingencies (continued)~~

A constructive obligation to restructure arises only when the municipality:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44 unless the possibility of an outflow or resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefit is probable.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:
- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.9.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

~~1.11 Provisions and contingencies (continued)~~

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Service charges relating to electricity are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Revenue from the sale of tender documents is recognised at the point of sale.

Accounting Policies

1.12 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Fines are economic benefits or service potential received or receivable by municipalities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

1.13 Revenue from non-exchange transactions (continued)

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

The municipality recognises an asset in respect of property rates when the taxable event occurs and the asset recognition criteria are met.

Resources arising from property rates satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

The taxable event for property rates is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

~~1.13 Revenue from non-exchange transactions (continued)~~

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by the debtors.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

Concessionary loans received

A concessionary loan is a loan granted to or received by an property, plant and equipment on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Accounting Policies

1.14 Value-added tax

The municipality accounts for value-added tax (VAT) on the payment basis.

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with section 15(2) of the VAT Act (Act no. 89 of 1991).

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as it is practical, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far it is practical, and the prior year comparatives are restated accordingly.

1.16 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No.56 of 2003) and includes:

- overspending of of the total amount appropriated in the municipality's approved budget;
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose,otherwise than for that specific purpose;
- spending of an allocation reffered to in paragraph (b),(c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation;or a grant by the municipality in accordance with the Municipal Finance Management Act.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state. An expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including-

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Accounting Policies

1.19 Accumulated surplus

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of a Council resolution (Number C30 dated 17.10.2012).

These transfers from the net surplus may only be made if they are backed by cash. The amount transferred to CRR is based on the municipality's need to finance future capital progress included in the integrated development plan. The following provisions are set for the creation and utilisation of the CRR:

- the cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- interest earned on the CRR investment is recorded as part of the total interest earned in the statement of financial performance
- the CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for maintenance of these items.
- whenever an asset is purchased out of CRR, an amount equal to the cost price of the asset purchased is transferred from the CRR into a future depreciation reserve called the Capitalisation Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the CRR. The Capitalisation Reserve is used to offset depreciation charged on assets purchased out of the CRR to avoid double taxation of the consumers.
- if a gain is made on the sale of assets previously purchased out of the CRR, the gain on these assets sold is reflected in the statement of financial performance.

Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

Provisions are set out for the creation and utilisation of the Housing Development Fund. The Housing Development Fund is cash- backed, and invested in accordance with the investment policy of the municipality.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Donations and public contributions reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.

Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

1.20 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2018/07/01 to 2019/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting.

1.21 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Accounting Policies

1.21 Related parties (continued)

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.22 Events after the reporting date

The municipality has carefully considered whether events occurring between the Statement of Financial Position date and the date of approval should be reflected in the annual financial statements. Events after the reporting period (or 'post Statement of Financial Position events') are either adjusting events or non-adjusting events.

Adjusting events provide further evidence of conditions that existed at the statement of financial position date and the carrying amounts of assets and liabilities at the statement of financial position date are adjusted for such events. Non-adjusting events relate to conditions that arose after the statement of financial position date and should be disclosed.

The municipality adjusts amount recognised in the annual financial statements to reflect adjsting events after the reporting date once the event occured.

1.23 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.24 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.25 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.26 Transfers and subsidies

Transfers and subsidies include all unrequited payments made by the municipality. A payment is unrequited provided that the municipality does not receive anything of similar value directly in return for the transfer to the other party.

Transfers and subsidies are recognised in the Statement of Financial Performance as expenses in the period in which the events giving rise to the transfer occurred.

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 12 (as amended 2016): Inventories	01 April 2018	The impact of the Standard is not material.
• GRAP 16 (as amended 2016): Investment Property	01 April 2018	The impact of the Standard is not material.
• GRAP 17 (as amended 2016): Property, Plant and Equipment	01 April 2018	The impact of the Standard is not material.
• GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	01 April 2018	The impact of the Standard is not material.
• GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2018	The impact of the Standard is not material.
• GRAP 31 (as amended 2016): Intangible Assets	01 April 2018	The impact of the Standard is not material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality’s accounting periods beginning on or after 01 July 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	No effective date	Not expected to impact results but may result in additional disclosure
• Guideline: Guideline on the Application of Materiality to Financial Statements	No effective date	Not expected to impact results but may result in additional disclosure
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	Unlikely there will be a material impact
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Not expected to impact results but may result in additional disclosure
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Unlikely there will be a material impact

Figures in Rand	2019	2018

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5,148	2,457
Bank balances	5,795,872	11,273,708
Cash and cash equivalents at the end of the year	**5,801,020**	**11,276,165**

Cash on hand		
Balance at end of the year	5,148	2,457

First National Bank - Mandeni branch:
Cheque Account
Account number 52940480587

Cash book balance	5,795,872	11,273,708
Bank statement balance	6,249,679	1,978,348

4. Call and investment deposits

Call investment deposits consist of deposits maturing within a year and conditional grants that are ringfenced to be cash backed:

Nedbank - Mandeni branch -
Call investment deposits
Account number - 23581136/9998

Cash book balance	1,733,464	1,628,071
Bank statement balance	1,733,464	1,628,071

Standard Bank -Mandeni branch -
Call investment
Account number -068637527002

Cash book balance	69	69
Bank statement balance	69	69

First National Bank - Mandeni branch -
Call investment deposits
Account nunber - C061294217372

Cash book balance	40,114,771	10,111,191
Bank statement balance	40,603,380	10,111,191

First National Bank - Mandeni branch -
Call investment deposits
Account number - C062028673219

Cash book balance	1,695,488	2,032,331

Figures in Rand	2019	2018
Bank statement balance	1,695,487	2,032,331
First National Bank - Mandeni branch - Call investment deposits Account number - C062812286400		
Cash book balance	4,478	92,588
Bank statement balance	1,882,115	5,529,349
First National Bank - Mandeni branch - Call investment deposits Account number - C062252919471		
Cash book balance	6,584,813	7,023,565
Bank statement balance	7,067,191	10,326,738

Figures in Rand	2019	2018

4. Call and investment deposits (continued)

First National Bank - Mandeni branch - Call investment deposits Account number - C062113325882		
Cash book balance	125,355	66,167
Bank statement balance	125,356	66,167
Standard Bank - Mandeni branch - Call investment deposits Account number - 068637527003		
Cash book balance	1,570,475	1,472,369
Bank statement balance	1,570,475	1,472,369
First National Bank - Mandeni branch - Call investment deposits Account number - C062527527462		
Cash book balance	633,553	2,075,759
Bank statement balance	1,502,700	2,932,754
First National Bank - Mandeni branch - Call investment deposits Account number - C062538203449		
Cash book balance	99,117	93,896
Bank statement balance	99,117	93,896
Standard Bank Mandeni Call investment deposits Mandeni Branch-036971847		
Cash book balance	4,246	4,156
Bank statement balance	4,246	4,156
First National Bank - Mandeni branch Call investment deposits - Account number - C062812286963		
Cash book balance	2,239,849	-
Bank statement balance	2,239,849	-
Cash book balance	**54,805,678**	**24,600,165**

The following call investment deposits have no restrictions on the use of funds:

- Nedbank - Mandeni branch - Call investment deposits
  Account number - 23581136/9998

- Standard Bank - Mandeni branch - Call investment deposits
  Account number - 068637527002

Figures in Rand	2019	2018

4. Call and investment deposits (continued)

- Standard Bank - Mandeni branch - Call investment deposits
  Account number - 068637527003

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C061294217372

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062113325882

- Standard Bank - Mandeni branch - Call investment deposits
  Account number - 068637527003

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062538203449

Figures in Rand	2019	2018

4. Call and investment deposits (continued)

- Standard Bank - Mandeni branch - Call investment deposits
  Account number - 039971847

The following call investment deposits have the following restrictions on the use of funds:

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062028673219:
  This account may only be used for housing related expenditure.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062812286400:
  This account may only be used for MIG expenditure.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062252919471:
  This account may only be used for Neighbourhood Development Program expenditure.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062812286963
  This account may only be used for housing title deeds.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062527527462
  This account may only be used for electrification programmes.

Included in the amounts above are capital grants. See note 14 for additional information.

Figures in Rand	2019	2018

5. Receivables from exchange transactions

Gross balances		
Electricity	9,210,719	17,989,072
Refuse	38,040,876	33,461,614
	47,251,595	**51,450,686**
Less: Allowance for impairment		
Electricity	(1,209,631)	(2,064,600)
Refuse	(29,674,760)	(29,719,233)
	(30,884,391)	**(31,783,833)**
Net balance		
Electricity	8,001,088	15,924,472
Refuse	8,366,116	3,742,381
	16,367,204	**19,666,853**
Electricity		
Current (0 -30 days)	4,753,375	13,289,648
31 - 60 days	908,492	457,548
61 - 90 days	148,957	268,968
91 - 120 days	281,091	389,332
121 - 365 days	149,281	101,695
> 365 days	2,969,523	3,481,881
Less: Impairment	(1,209,631)	(2,064,600)
	8,001,088	**15,924,472**
Refuse		
Current (0 -30 days)	815,146	762,641
31 - 60 days	693,438	713,607
61 - 90 days	613,044	696,551
91 - 120 days	569,901	776,789
121 - 365 days	583,217	622,839
> 365 days	34,766,129	29,889,187
Less: Impairment	(29,674,760)	(29,719,233)
	8,366,115	**3,742,381**

6. Receivables from non-exchange transactions

Gross balances		
Rates	109,219,915	83,119,903
Interest	41,709,772	49,617,736
Other receivables from non-exchange transactions (not aged)	5,540,254	4,636,580
	156,469,941	**137,374,219**

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

Other receivables from non-exchange transactions (not aged) comprises of:

	2019	2018
Fines	638,950	1,456,077
Other receivables	4,655,734	2,934,933
Postage deposit	10,000	10,000
Rental deposits	235,570	235,570
	5,540,254	**4,636,580**

Figures in Rand	2019	2018

6. Receivables from non-exchange transactions (continued)

Less: Non-exchange transactions impairment		
Rates	(91,524,408)	(77,739,904)
Interest	(29,908,245)	(7,699,602)
Other	(2,134,250)	(1,788,350)
	(123,566,903)	**(87,227,856)**
Net balances		
Rates	17,695,507	5,379,999
Interest	11,801,527	41,918,134
Other	3,406,004	2,848,230
	32,903,038	**50,146,363**
Rates		
Current (0 -30 days)	(2,491,667)	6,154,065
31 - 60 days	6,570,906	3,337,016
61 - 90 days	3,399,132	1,409,601
91 - 120 days	807,539	1,328,713
121 - 365 days	1,815,342	1,487,204
> 365 days	99,118,664	69,403,304
Less: Impairment	(91,524,409)	(77,739,904)
	17,695,507	**5,379,999**
Interest		
Current (0 -30 days)	1,255,906	3,633,612
31 - 60 days	1,285,917	1,102,025
61 - 90 days	1,194,302	1,075,532
91 - 120 days	1,194,730	1,057,607
121 - 365 days	2,332,264	1,413,159
> 365 days	34,446,653	41,335,801
Less: Impairment	(29,908,245)	(7,699,602)
	11,801,527	**41,918,134**
Other		
Receivables not aged	5,540,254	2,038,540
Less: Impairment	(2,134,250)	(1,788,350)
	3,406,004	**250,190**
Total		
Current (0 -30 days)	3,771,972	9,787,676
31 - 60 days	7,598,257	4,439,040
61 - 90 days	4,442,265	2,485,133
91 - 120 days	1,936,375	2,386,318
121 - 365 days	4,011,109	2,900,361
> 365 days	129,169,710	110,739,104

Figures in Rand	2019	2018

6. Receivables from non-exchange transactions (continued)

	150,929,688	132,737,632
Less: Impairment	(121,432,653)	(85,439,506)
	29,497,035	**47,298,126**

Figures in Rand	2019	2018

6. Receivables from non-exchange transactions (continued)

Households		
Current (0 -30 days)	1,962,061	823,448
31 - 60 days	2,491,779	2,427,292
61 - 90 days	2,170,075	2,017,959
91 - 120 days	2,136,334	2,108,907
121 - 365 days	2,684,075	2,007,141
> 365 days	95,536,857	85,006,056
Less: Impairment	(92,456,443)	(82,876,900)
	14,524,738	**11,513,903**

Industrial/Commercial		
Current (0 -30 days)	2,227,731	22,862,087
31 - 60 days	3,147,212	1,838,726
61 - 90 days	3,114,145	1,420,246
91 - 120 days	1,695,209	1,370,526
121 - 365 days	2,108,115	1,486,105
> 365 days	70,721,065	56,108,754
Less: Impairment	(57,880,477)	(32,822,535)
	25,133,000	**52,263,909**

National/Provincial Government		
Current (0 -30 days)	142,967	154,431
31 - 60 days	3,819,762	1,344,177
61 - 90 days	71,215	12,449
91 - 120 days	(978,283)	73,006
121 - 365 days	87,914	131,652
> 365 days	5,043,047	2,995,363
Less: Impairment	(1,980,122)	(1,523,903)
	6,206,500	**3,187,175**

Provision for Impairment		
Current (0 -30 days)	(3,367,038)	(2,594,455)
31 - 60 days	(3,598,715)	(2,772,972)
61 - 90 days	(2,841,904)	(2,189,815)
91 - 120 days	(3,228,032)	(2,487,344)
121 - 365 days	(4,062,069)	(3,130,007)
> 365 days	(137,353,536)	(105,837,096)
	(154,451,294)	**(119,011,689)**

Reconciliation of allowance for impairment for receivables

Opening balance	(119,011,689)	(114,635,934)
Contribution for bad debt	(41,620,988)	(15,144,967)
Write off	6,181,383	10,769,212
	(154,451,294)	**(119,011,689)**

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

6. Receivables from non-exchange transactions (continued)

Figures in Rand	2019	2018

6. Receivables from non-exchange transactions (continued)

Total		
Current (0 -30 days)	1,012,854	21,245,511
31 - 60 days	6,146,038	2,837,223
61 - 90 days	2,636,204	1,260,838
91 - 120 days	(393,062)	1,065,095
121 - 365 days	857,960	494,890
> 365 days	35,604,244	38,273,078
	45,864,238	**65,176,635**

7. Inventories

Consumable stores	401,754	406,350
Maintenance materials	106,658	106,658
	508,412	**513,008**

Consumable stores		
Opening balance	406,350	245,672
Additions	1,701,414	946,948
Issued/(expensed)	(1,706,010)	(786,270)
	401,754	**406,350**

Maintenance materials		
Opening balance	109,423	90,758
Additions	177,120	110,000
Issued/(expensed)	(179,885)	(91,335)
	106,658	**109,423**

8. VAT receivable

VAT receivable	4,210,863	13,825,727

9. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	57,876,705	-	57,876,705	57,921,705	-	57,921,705

Reconciliation of investment property - 2019

	Opening balance	Additions	Disposals	Impairments	Fair value adjustments	Total
Investment property	57,921,705	-	(45,000)	-	-	57,876,705

Reconciliation of investment property - 2018

	Opening balance	Additions	Disposals	Transfers	Prior period errors	Impairments	Fair value adjustments	Total
Investment property	30,693,105	-	(628,700)	(86,500)	3,000	(7,322,000)	35,262,800	57,921,705

Figures in Rand	2019	2018

9. Investment property (continued)

Details of valuation

The Valuation roll for 2017/18 has been used to determine the fair values as it is believed to reflect the market value of properties.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Fair value of investment properties		
Portion 6 of Farm Lot 5 Ca No. 8440	12,000	12,000
Lot 56 of Padianager	45,000	45,000
Lot 1203 of Mandeni - Aloe Road	60,000	60,000
Lot 571 of Mandeni - Anderson Road	160,000	160,000
Lot 504 of Mandeni - Matthews Road	1,200,000	1,200,000
Lot 327 of Mandeni - Greig Road	480,000	480,000
Lot 1466 of Mandeni - Aloe Road	140,000	140,000
Portion 4 of Farm Lot 13 Tugela No. 13862	650,000	650,000
The Farm Lot 5 Ca No. 8440	660,000	660,000
Remainder of Farm Lot 30 Inyoni No. 13890	32,600,000	32,600,000
Lot 1340 of Mandeni	40,000	40,000
Lot 1018 of Mandeni	200,000	200,000
Lot 175 of Padianagar	80,000	80,000
Lot 48 Tugela mouth	180,000	180,000
Portion 6 Lot 9901 Newark no. 2621	1,920,000	1,920,000
Various lots Padianagar	2,471,705	2,471,705
Various lots Tugela	332,000	332,000
Various lots Tugela Ext 3	1,331,000	1,376,000
Various lots Tugela Ext 7	240,000	240,000
Various lots Mandeni Ext 8	15,075,000	15,075,000
	57,876,705	**57,921,705**

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There is no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Investment properties transferred

The following investment properties were transferred at Rnil values by the municipality:

Various lots Tugela Ext 3	45,000	-
Various lots Mandeni Ext 8	-	280,000
Lot 181 of Tugela	-	41,000
Lot 197 Tugela Ext 3	-	28,400
Lot 212 Tugela Ext 3	-	35,700
Lot 324 Tugela Ext 3	-	32,600
Lot 1000 Mandeni Ext 7	-	78,000
Portion 4 of Lot 9901 Newark No 2621	-	125,000
P/10 Farm Sisalana No 15641	-	8,000

Figures in Rand	2019	2018

9. Investment property (continued)

	45,000	**628,700**

Figures in Rand

10. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	18,400,000	-	18,400,000	18,400,000	-	18,400,000
Buildings	24,468,125	(1,558,968)	22,909,157	22,720,807	(1,277,355)	21,443,452
Infrastructure	450,823,109	(133,510,351)	317,312,758	428,358,010	(117,879,433)	310,478,577
Community	80,361,192	(16,527,860)	63,833,332	73,009,585	(13,911,205)	59,098,380
Other property, plant and equipment	37,399,290	(16,392,837)	21,006,453	34,406,568	(15,550,314)	18,856,254
Total	**611,451,716**	**(167,990,016)**	**443,461,700**	**576,894,970**	**(148,618,307)**	**428,276,663**

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	WIP transferred	Disposals	Revaluations	Depreciation	Impairment loss	Total
Land	18,400,000	-	-	-	-	-	-	18,400,000
Buildings	21,443,452	16,132,428	(14,348,110)	(32,883)	-	(285,730)	-	22,909,157
Infrastructure	310,478,577	77,662,971	(49,893,160)	-	-	(20,349,467)	(586,163)	317,312,758
Community	59,098,380	11,689,958	(4,211,552)	(5,153)	-	(2,715,279)	(23,022)	63,833,332
Other property, plant and equipment	18,856,254	7,026,911	-	(1,397,697)	-	(3,479,015)	-	21,006,453
	428,276,663	**112,512,268**	**(68,452,822)**	**(1,435,733)**	**-**	**(26,829,491)**	**(609,185)**	**443,461,700**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	WIP transferred	Disposals	Transfers received	Revaluations	Prior period errors	Depreciation	Total
Land	17,930,000	-	-	-	86,500	83,500	300,000	-	18,400,000
Buildings	17,264,221	4,426,429	-	-	-	-	-	(247,198)	21,443,452
Infrastructure	317,726,332	39,894,100	(16,260,533)	(9,936,103)	-	-	-	(20,945,219)	310,478,577
Community	49,467,092	12,515,674	-	(66,291)	-	-	-	(2,818,095)	59,098,380
Other property, plant and equipment	20,947,163	1,384,703	-	(64,049)	-	-	-	(3,411,563)	18,856,254
	423,334,808	**58,220,906**	**(16,260,533)**	**(10,066,443)**	**86,500**	**83,500**	**300,000**	**(27,422,075)**	**428,276,663**

Figures in Rand	2019	2018

10. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

	2019	2018
Ward 13 Community Hall The project was put on hold due to land legal issues.	1,322,864	1,092,641
Re-alignment of Thokoza Road to P415 - Street lighting The project was put on hold until the question of land acquisition from the school, the church and other homeowners is resolved.	2,160,034	2,160,034
	3,482,898	**3,252,675**

Reconciliation of Work-in-Progress 2019

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	49,848,495	1,807,798	15,346,364	67,002,657
Additions/capital expenditure	30,543,310	5,484,505	2,975,434	39,003,249
Transferred to completed items	(49,893,160)	(4,211,552)	(14,348,110)	(68,452,822)
	30,498,645	**3,080,751**	**3,973,688**	**37,553,084**

Reconciliation of Work-in-Progress 2018

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	40,674,337	7,856,879	11,129,936	59,661,152
Additions/capital expenditure	27,436,393	1,243,539	4,216,428	32,896,360
Other movements (WIP written off)	(9,294,337)	(310,242)	-	(9,604,579)
Transferred to completed items	(8,967,898)	(6,982,378)	-	(15,950,276)
	49,848,495	**1,807,798**	**15,346,364**	**67,002,657**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Figures in Rand	2019	2018

11. Intangible assets

	2019			2018		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,881,159	(1,045,306)	835,853	2,190,214	(1,085,480)	1,104,734

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	1,104,734	86,956	(82,070)	(273,767)	835,853

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	1,606,713	85,600	(21,747)	(565,832)	1,104,734

12. Payables from exchange transactions

	2019	2018
Trade payables	2,118,207	13,863,824
Retention	1,766,833	2,342,740
Other payables	2,166,052	2,907,440
Unallocated deposits	2,037,869	1,199,096
Leave accrual	7,706,890	7,404,072
Bonus accrual	1,775,085	2,257,708
	17,570,936	29,974,880
Cashier's collections	(27,866)	7,836
	17,543,070	**29,982,716**

13. Consumer deposits

	2019	2018
Electricity	442,043	596,274

No guarantees are held in lieu of Electricity Deposits.

Figures in Rand	2019	2018

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Library KZNPA grant	1,150,944	1,070,921
Sport and recreation grant	82,711	60,211
NDP grant	5,796,050	6,280,104
MIG	-	3,515
Housing Title Deed grant	2,228,708	-
GIS Pertinent	3	500,000
INEP grant	616,087	2,564,368
	9,874,503	**10,479,119**

See note 26 for reconciliation of grants from and receipts.

The capital grants are invested in a ring-fenced investment until utilised. See note 4 for additional information.

15. Finance lease obligation

Future finance charges		
- within one year	276,155	404,307
- in second to fifth year inclusive	235,226	511,381
Present value of minimum lease payments	**511,381**	**915,688**
Present value of minimum lease payments due		
- within one year	813,391	1,057,081
- in second to fifth year inclusive	1,890,284	2,703,675
	2,703,675	**3,760,756**
Non-current liabilities	1,890,284	2,703,675
Current liabilities	813,391	1,057,081
	2,703,675	**3,760,756**
Minimum lease payment		
- within one year	1,089,546	1,461,387
- in second to fifth year inclusive	2,125,510	3,215,055
	3,215,056	**4,676,442**

The average lease term is 3 years and the average effective borrowing rate is 10.5%. Interest rates are fixed ~~at the contract~~ date. Some leases have fixed repayment terms. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased assets.

Figures in Rand	2019	2018

16. Employee benefit obligations

Post retirement medical benefit plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The municipality operated on five accredited medical aid schemes, namely Keyhealth, LA Health, SAMWU, Bonitas and Hosmed.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2019 by ZAQ Consultants & Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

Multi-employer pension funds

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the pension fund for municipal councillors.

Employees belong to a variety of approved pension and provident funds.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:
(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
(iii) The same rate of contribuon applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided in sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The amounts recognised in the statement of financial position are as follows:

	2019	2018
Carrying value		
Present value of the defined benefit obligation-partly or wholly funded	(17,764,000)	(17,570,000)

Figures in Rand	2019	2018

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	14,403,569	15,122,569
Net expense recognised in the statement of financial performance	(388,569)	(719,000)
	14,015,000	**14,403,569**

Figures in Rand	2019	2018

16. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

Current service cost	900,000	1,048,000
Interest cost	1,461,000	1,446,000
Benefits paid	(382,530)	(2,958,000)
Actuarial (gains) losses	(2,367,039)	(255,000)
	(388,569)	**(719,000)**

Key assumptions used

Assumptions used at the reporting date:

Expected retirement age	63	63
Discount rates used	11.53%	8.83%
Medical cost trend rates	9.09%	8.03%
Consumer price inflation	8.09%	6.53%
Net effective discount rate	2.24%	1.50%

Percentage of in-service members withdrawing before retirement

	Female	Male
Age 20 - 24	16.0%	24.0%
Age 25 - 29	12.0%	18.0%
Age 30 - 34	10.0%	15.0%
Age 35 - 40	8.0%	10.0%
Age 40 - 44	6.0%	6.0%
Age 45 - 49	4.0%	4.0%
Age 50 - 54	1.0%	1.0%
Age 55 - 59	- %	- %
Age 60+	- %	- %

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields. However, where the market in these bonds is not significant, the market yields on goverment bonds consistent with the estimated term of the post-employment liabilities should be used. The discount rate at 30 June 2019 is 11.53% which represents the average yield from the zero coupon government bond curve over a 15 to 20 year term.

Salary Inflation Rate: This assumption is required to reflect the estimated growth in salaries of the eligible employees until retirement.

General Salary Inflation: This assumption is more stable relative to the growth in consumer Price Index (CPI) than in the absolute terms. In most industries, experience has shown, that over the long-term, salary inflation is between 1.0% and 1.5% above CPI inflation.

The implied inflation assumption is 8.09% per annum which represents the market's pricing of inflation by comparing the yields on index linked government bonds and long term government bonds with a duration of 15 to 20 years, adjusting for an inflation risk premium of 1% per annum.

Figures in Rand	2019	2018

16. Employee benefit obligations (continued)

It has been assumed that the next salary increase will take place on 1 July 2020.

The next contribution increase was assumed to occur with effect from 1 January 2020.

Figures in Rand	2019	2018

16. Employee benefit obligations (continued)

Replacement ratio: This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

Long service awards and retirement gifts

The independent valuers, ZAQ Consultants & Actuaries, carry out a statutory valuation on an annual basis.

The principal actuarial assumptions used were as follows:

Discount rate per annum	8.89%	8.83%
General salary inflation (long term)	6.65%	5.62%
Net effective discount rate	2.10%	1.63%

Examples of mortality rates used were as follows:		
Average retirement age	63	63
Mortality during employment	SA 85-90	

Members resigned from service

	Per 1,000 members	Per 1,000 members
Age 20-24	16	16
Age 30-34	92	92
Age 40-44	58	58
Age 50-54	40	40
Age 55-59	8	8

Membership summary		
Number of members	241	240
Average age of members (years)	40.1	40.1
Average past service (years)	8.0	7.6
Average salary (annual)	248,929	226,1
	73	

Benefit Structure

Service years	Award (Number of days)	Award (Number of days)
5	5	-
10	10	10
15	20	20
20	30	30
25	30	30
30	30	30
35	30	30
40	30	30
45	30	30

Figures in Rand	2019	2018

16. Employee benefit obligations (continued)

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	3,167,000	2,875,893
Current service cost	427,000	395,861
Interest cost	317,000	273,065
Expected benefit payments	(238,950)	(365,000)
Recognised actuarial (gains)/losses	76,950	(12,819)
Balance at end of year	**3,749,000**	**3,167,000**

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost	427,000	395,861
Interest cost	317,000	273,065
Benefit payment	(238,950)	(365,000)
Actuarial (gains) / loss	76,950	(12,819)
	582,000	**291,107**

In conclusion:

Statement of Financial Position obligation for		
Long service award liability	3,749,000	3,167,000
Retirement benefit liability	14,015,000	14,403,000
	17,764,000	**17,570,000**

Statement of Financial Performance obligation for		
Long service award expense	582,000	291,107
Retirement benefit expense	(388,569)	(719,000)
	193,431	**(427,893)**

Key assumptions used

In estimating the liability for long service awards (LSA) a number of assumptions are required. GRAP 25 statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the LSA - this is determined by the actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future-service costs are recognised over time.

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Figures in Rand	2019	2018

16. Employee benefit obligations (continued)

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on goverment bonds consistent with the estimated term of the post-employment liabilities should be used. The discount rate is 8.89% which represents the average yield from the zero coupon government bond curve over nine years which is consistent with the cash flow weighted average of the liabilities of nine years.

Figures in Rand	2019	2018

17. Operating lease liability

	2019	2018
Current liabilities	37,987	66,575

The minimum operating lease commitments are disclosed in note 43 - Commitments.

18. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus

	Revaluation reserve	Public contributions reserve	Accumulated surplus	Total
Balance at 01 July 2017	**151,731,208**	**50,941,129**	**262,462,196**	**465,134,533**
Surplus for the year	-	-	78,996,170	78,996,170
Correction of prior period error	-	-	656,751	656,751
Reserves	-	-	88,489	88,489
Balance at 01 July 2018	**151,731,208**	**50,941,129**	**342,203,606**	**544,875,943**
Surplus for the year	-	-	23,865,131	23,865,131
Reserves	-	-	(335,879)	(335,879)
Balance at 30 June 2019	**151,731,208**	**50,941,129**	**365,732,858**	**568,405,195**

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

19. Revenue

Property rates	40,079,522	37,098,118
Property rates - penalties imposed	13,850,685	15,217,227
Service charges	33,278,866	34,270,822
Rental of facilities and equipment	254,142	344,115
Interest received - external investments	4,892,612	3,032,818
Fines	402,920	377,499
Licences and permits	1,133,316	1,196,705
Government grants & subsidies	194,857,059	181,914,763
Other income	737,089	697,144
Donated assets income	288,108	-
	289,774,319	**274,149,211**

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	33,278,866	34,270,822
Rental of facilities and equipment	254,142	344,115
Licences and permits	1,133,316	1,196,705
Other income	737,089	697,144
Interest received - external investment	4,892,612	3,032,818
	40,296,025	**39,541,604**

The amount included in revenue arising from non-exchange transactions is as follows:/

Taxation revenue		
Property rates	40,079,522	37,098,118
Property rates - penalties imposed	13,850,685	15,217,227
Transfer revenue		
Government grants & subsidies	194,857,059	181,914,763
Fines, Penalties and Forfeits	402,920	377,499
Donated assets income	288,108	-
	249,478,294	**234,607,607**

20. Property rates

Rates received

Residential	10,644,531	11,907,078
Commercial	20,675,141	10,964,934
State	15,861,364	17,484,491
Less: Rebates	(7,101,514)	(3,258,385)
	40,079,522	37,098,118
Property rates - penalties imposed	13,850,685	15,217,227
	53,930,207	**52,315,345**

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

Figures in Rand	2019	2018

20. Property rates (continued)

Valuations

Residential	1,180,074,000	854,112,900
Commercial	343,466,000	309,602,750
Industrial	121,037,000	13,105,000
Industrial Estate Special	864,622,000	783,071,200
Mining	2,100,000	14,800,000
Agricultural	420,968,000	503,400,300
Institutional	12,210,000	606,266,400
Public Services Infrastructure	431,100,000	208,722,300
Public benefit organisation	134,351,000	7,626,600
Municipal Properties	73,403,000	239,543,300
Vacant land	490,278,000	8,129,200
	4,073,609,000	**3,548,379,950**

Commercial includes industrial, mining and agriculture.

State includes institutional and public services infrastructure.

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The following are the rates randage that were applied to the valuations in respect of the various categories:

Residential	0.0126	0.0126
Commercial	0.0214	0.0214
Industrial	0.0214	0.0214
Industrial Estate Special	0.0214	0.0143
Mining	0.0214	0.0200
Agriculture	0.0031	0.0031
Public Service Infrastructure	0.0159	0.0031
State	0.0200	0.0200
State Trust land	0.0200	-
Vacant land	0.0200	-

All residential property owners are exempt from paying rates on the first R15,000.00 value of property. All pensioners, the disabled and medically boarded owners are eligible for the rebates.

21. Service charges

Sale of electricity	24,367,491	25,464,273
Refuse removal	8,911,375	8,806,549
	33,278,866	**34,270,822**

22. Rental of facilities and equipment

Premises		
Hall hire	126,093	144,475
Municipal properties	117,164	188,891

Figures in Rand	2019	2018
20. Property rates (continued)		
Stalls rental	10,885	10,749
	254,142	**344,115**

Figures in Rand	2019	2018

23. Investment revenue

Interest revenue		
Bank and call deposits	4,892,612	3,032,818

24. Fines

Library fines	3,929	11,773
Lost books	3,691	282
Traffic fines	395,300	365,444
	402,920	**377,499**

25. Licences and permits

Drivers licences	21,204	4,280
Business licences	15,186	241,131
Learners licences	1,096,926	951,294
	1,133,316	**1,196,705**

26. Government grants and subsidies

Operating grants		
Equitable share	146,820,986	134,192,428
Finance Management Grant	1,900,000	1,900,000
GIS Pertinent Grant	499,997	-
Sports and Recreation Grant	27,500	-
Library grant	3,580,977	2,479,524
EPWP Grant	2,255,000	2,377,522
SITA	195,649	130,908
	155,280,109	**141,080,382**
Capital grants		
Municipal Infrastructure Grant	34,706,000	35,936,485
Neighbourhood Development Programme Grant	4,870,950	4,897,896
	39,576,950	**40,834,381**
	194,857,059	**181,914,763**

EPWP Grant

Balance unspent at beginning of year	-	92,522
Current-year receipts	2,255,000	2,285,000
Conditions met - transferred to revenue	(2,255,000)	(2,377,522)
	-	**-**

Poverty alleviation programme.

Figures in Rand	2019	2018

26. Government grants and subsidies (continued)

Municipal Infrastructure Grant

Balance unspent at beginning of year	3,515	-
Current-year receipts	34,706,000	35,940,000
Conditions met - transferred to revenue	(34,706,000)	(35,936,485)
Rollover application not approved	(3,515)	-
	-	**3,515**

This grant is used to construct roads infrastructure and related community projects.

Sports and Recreation Grant

Balance unspent at beginning of year	60,211	60,211
Current-year receipts	50,000	-
Conditions met - transferred to revenue	(27,500)	-
	82,711	**60,211**

Conditions still to be met - remain liabilities (see note 14).

To pay salaries and facility refurbishment.

Neighbourhood Development Programme Grant

Balance unspent at beginning of year	6,280,104	4,831,428
Current-year receipts	10,667,000	11,178,000
Conditions met - transferred to revenue	(4,870,950)	(4,897,896)
Rollover application not approved	(6,280,104)	(4,831,428)
	5,796,050	**6,280,104**

Conditions still to be met - remain liabilities (see note 14).

To finalise inner town road resurfacing.

GIS Pertinent

Balance unspent at beginning of year	500,000	-
Current-year receipts	-	500,000
Conditions met - transferred to revenue	(499,997)	-
	3	**500,000**

Software for improving building plans.

Finance Management Grant

Current-year receipts	1,900,000	1,900,000
Conditions met - transferred to revenue	(1,900,000)	(1,900,000)

Figures in Rand	2019	2018

26. Government grants and subsidies (continued)

	-	-

Capacity building for the Budget and Treasury Office.

Figures in Rand	2019	2018

26. Government grants and subsidies (continued)

SITA

Current-year receipts	195,649	-
Conditions met - transferred to revenue	(195,649)	-
	-	**-**

Capacity building for the municipality.

Library Grant

Balance unspent at beginning of year	1,070,921	911,445
Current-year receipts	3,661,000	2,639,000
Conditions met - transferred to revenue	(3,580,977)	(2,479,524)
	1,150,944	**1,070,921**

Conditions still to be met - remain liabilities (see note 14).

To build modular library.

INEP

Balance unspent at beginning of year	2,564,368	2,549,320
Current-year receipts	6,786,000	10,000,000
Conditions met	(6,169,914)	(9,984,952)
Rollover application not approved	(2,564,367)	-
	616,087	**2,564,368**

Conditions still to be met - remain liabilities (see note 14).

Electrification of households. The municipality acts as an agent for Department of Energy and Eskom.

Housing Title Deed grant

Current-year receipts	2,228,708	-
Conditions met - transferred to revenue	-	-
	2,228,708	**-**

Conditions still to be met - remain liabilities (see note 14).

This grant is for housing title deeds.

27. Donated assets income

Donated assets	288,108	-

Figures in Rand	2019	2018

26. Government grants and subsidies (continued)

The assets were donated by the Kwa-Zulu Natal Department of Arts and Culture and the Kwa-Zulu Natal Department of Economic Development, Tourism and Environmental Affairs to the municipality.

Figures in Rand	2019	2018

28. Other income

Building plan fees	33,838	57,254
Sundry income	403,448	322,102
Connection fees	54,229	157,901
Photocopier charges	66,578	59,825
Rates clearance certificates	23,503	15,256
Town planning fees	12,114	6,204
Pounding fees	696	2,000
Escort fees	142,683	76,602
	737,089	**697,144**

Figures in Rand	2019	2018

29. Employee related costs

Basic	60,459,034	55,494,725
Bonus	(481,538)	202,857
Medical aid - company contributions	3,951,708	3,600,015
UIF	394,633	385,238
WCA	49,679	47,487
Leave pay accrual	302,818	319,296
Defined contribution plans	8,375,257	7,355,507
Overtime payments	1,385,584	1,179,235
Car allowance	3,778,936	3,686,191
Housing benefits and allowances	379,114	246,187
Cell-phone allowance	473,313	442,414
Pension surcharges	70,264	81,350
Long service awards	1,013,444	(1,879,139)
	80,152,246	**71,161,363**

Remuneration of Municipal Manager

Annual Remuneration	817,292	457,424
Car Allowance	190,092	126,728
Contributions to UIF, Medical and Pension Funds	1,785	64,936
	1,009,169	**649,088**

Remuneration of Chief Finance Officer

Annual Remuneration	480,931	533,520
Car Allowance	179,995	151,000
Contributions to UIF, Medical and Pension Funds	1,811	31,690
	662,737	**716,210**

Remuneration of Director Corporate Services

Annual Remuneration	690,406	879,261
Car Allowance	70,500	228,000
Contributions to UIF, Medical and Pension Funds	1,837	41,559
	762,743	**1,148,820**

Remuneration of Director Community Services

Annual Remuneration	600,410	1,003,035
Car Allowance	84,000	144,000
Contributions to UIF, Medical and Pension Funds	1,191	1,785
	685,601	**1,148,820**

Figures in Rand	2019	2018

29. Employee related costs (continued)

Remuneration of Director Technical Services

Annual Remuneration	647,560	206,728
Car Allowance	180,000	36,000
Contributions to UIF, Medical and Pension Funds	1,785	6,516
	829,345	**249,244**

Remuneration of Director EDPHS

Annual Remuneration	647,560	588,918
Car Allowance	180,000	153,365
Contributions to UIF, Medical and Pension Funds	1,785	30,919
	829,345	**773,202**
	84,931,191	**75,846,752**

30. Remuneration of councillors

Mayor	717,310	836,712
Deputy Mayor	690,266	677,532
Mayoral Committee Members	1,862,789	2,387,172
Speaker	608,759	677,532
Councillors	5,717,624	5,084,727
Councillors allowances	3,426,087	3,001,990
	13,022,835	**12,665,665**

Figures in Rand	2019	2018

30. Remuneration of councillors (continued)

In-kind benefits

The Mayor

The Mayor has access to the office and secretarial support at the cost of Council and is provided with the following:

2 bodyguards

1 driver

1 municipal vehicle purchased and 1 Leased Vehicle

Tools of trade as Gazette 42134: Determination of upper limit on Office bearers

The Mayor resigned on the 3rd of May 2019.

The Speaker

The Speaker has access to the office and secretarial support at the cost of Council and is provided with the following:

1 driver.

1 municipal leased vehicle.

Tools of trade as Gazette 42134: Determination of upper limit on Office bearers

The Speaker resigned on the 20th of May 2019.

The Deputy Mayor

The Deputy Mayor has access to the office at the cost of Council and is provided with the following:

1 driver.

1 municipal leased vehicle.

Tools of trade as Gazette 42134: Determination of Upper Limit of Office Bearers.

The Deputy Mayor was appointed as an Acting Mayor on the 15th of May 2019.

The Acting Mayor has access to the office at the cost of Council and is provided with the following:

2 bodyguards.

1 driver.

1 municipal vehicle purchased and 1 leased vehicle.

Tools of trade as Gazette 42134: Determination of Upper Limit of Office Bearers.

Figures in Rand	2019	2018

31. Depreciation and amortisation

Property, plant and equipment	26,829,490	27,422,075
Intangible assets	273,767	565,831
	27,103,257	**27,987,906**

32. Bulk purchases

Electricity - Eskom	22,907,060	16,564,854

33. Impairment of assets

Impairments		
Property, plant and equipment	609,185	-
The Highview Park and Thokoza roads were being rehabilitated to lay the black top layer and the sub base. Horticultural groundworks were also impaired. This resulted in the roads and community assets being impaired. The recoverable amount of the asset was based on its fair value less costs to sell		

34. Debt impairment

Contributions to debt impairment provision	41,620,980	15,144,967

35. Lease rentals

Motor vehicles	516,445	708,837
Equipment and premises	1,348,873	1,340,530
	1,865,318	**2,049,367**

36. Finance costs

Finance leases	611,008	704,427
Retirement benefit obligation	1,778,000	1,719,065
	2,389,008	**2,423,492**

Figures in Rand	2019	2018

37. Contracted services

Consultants and Professional Services		
Business and advisory	1,509,127	318,153
Legal cost	4,690,653	2,241,276
Audit committee fees	48,475	97,578
Shared services	225,333	699,717
Contractors		
Fire services	2,837,948	3,741,319
Maintenance of buildings and facilities	18,776,690	12,315,732
Prepaid electricity vendors	520,081	637,428
Sports and recreation	86,957	34,679
Graphic designers	249,616	80,930
Outsourced Services		
Internal auditors	140,919	105,600
Transport services	895,685	1,275,581
Security services	8,606,674	6,129,408
Catering services	1,327,460	545,596
Animal care	638,000	696,000
Refuse removal	3,760,059	2,486,730
Communications	-	1,448,700
Cleaning services	273,823	209,263
Valuers	143,355	600,360
	44,730,855	**33,664,050**

38. Grants and subsidies paid

Other subsidies		
Free basic electricity	1,340,017	1,532,961

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

39. General expenses

Advertising	659,573	557,965
Assets expensed	-	150,000
Auditors remuneration	1,942,626	1,798,059
Bank charges	398,167	187,534
Cleaning	35,730	24,500
Electricity - internal	1,039,515	679,763
Fuel and oil	3,979,728	3,508,790
Hire charges	1,916,833	1,945,102
LED Vuthela (SECO)	501,865	-
IT expenses	147,983	255,058
Insurance	614,653	462,821
LED programs	533,950	-
Levies	798,191	729,776
Licences	2,178,018	3,468,254
Pauper / Indigent burial	219,635	126,258
Postage and courier	352,995	238,475
Printing and stationery	1,146,793	620,284
Staff welfare	70,740	37,657
Subscriptions and membership fees	37,087	91,391
Subsistence and travelling	1,554,378	1,426,108
Telephone and fax	3,495,022	3,036,361
Training	1,155,091	871,731
Uniforms	198,434	105,999
Ward committees	2,127,000	2,106,200
Water	942,491	1,237,301
Workmens compensation	-	386,058
Youth programs	596,181	443,058
	26,642,679	**24,494,503**

40. Fair value adjustments

Investment property (Fair value model)	-	28,024,300

41. Auditors' remuneration

Fees	1,942,626	1,798,059

Figures in Rand	2019	2018

42. Cash generated from operations

Surplus	23,865,131	79,349,921
Adjustments for:		
Depreciation and amortisation	27,103,257	27,987,906
Gain on sale of assets	1,036,323	10,716,892
Fair value adjustments	-	(28,024,300)
Impairment loss	609,185	-
Debt impairment	41,620,980	15,144,967
Movements in operating lease assets and accruals	(28,588)	14,329
Movements in retirement benefit assets and liabilities	194,000	(427,893)
Donated assets income (non cash)	(288,108)	-
Changes in working capital:		
Inventories	4,596	(176,579)
Consumer debtors	(38,321,331)	(26,320,704)
Other receivables from non-exchange transactions	17,243,325	(23,769,725)
Payables from exchange transactions	(12,439,646)	8,081,779
VAT	9,614,864	(868,389)
Unspent conditional grants and receipts	(604,616)	2,034,193
Consumer deposits	(154,231)	(267,539)
	69,455,141	**63,474,858**

43. Commitments

Authorised capital expenditure

Approved and contracted for		
• Capital projects	24,459,890	35,098,342
Total capital commitments		
Approved and contracted for	24,459,890	35,098,342

Total commitments

Authorised capital expenditure	24,459,890	35,098,342

Finance leases - as lessee (expense)

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Minimum lease payments due		
- within one year	813,391	1,057,081
- in second to fifth year inclusive	1,890,284	2,703,675
- later than five years	-	-
	2,703,675	**3,760,756**

Finance leases consist of the following:

Figures in Rand	2019	2018

Finance lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.

Figures in Rand	2019	2018

43. Commitments (continued)

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	305,061	536,675
- in second to fifth year inclusive	45,190	350,251
	350,251	**886,926**

The municipality leases office space from MM Abrahams for two premises. The first lease for Renckens Super is effective from 1 October 2016 to 30 September 2021, with an annual escalation rate of 8%. The second lease is for Shop 12-13 and it is effective from 1 November 2017 to 31 October 2020, with an annual escalation rate of 9%

There were no defaults or breaches and no terms or conditions were renegotiated during the reporting period.

44. Contingencies

Contingent assets

The following entities were identified as contigent assets stemming from the interaction with our municipal lawyers.

Name of entity	Description	Attorney	Value
Independent Ethiopian Church of SA	Land dispute	TKN Incorporated	200,000
Inyoni Trust (Renasa insurance)	Loss on contractors default	Matthew Francis	100,000
Total client services	Reputation of contract	Matthew Francis	50,000
B A Mchunu	Labour court review	Matthew Francis	70,000
R M Heslop	Labour court review	Matthew Francis	70,000
LQ Mtshali	Labour court review	Matthew Francis	70,000
CM Thabede	Labour court review	Matthew Francis	50,000
BL Mthethwa	Labour court review	Matthew Francis	25,000
ZR Buthelezi	Labour court review	Matthew Francis	70,000
BS Mthembu	Labour court review	Matthew Francis	50,000
Lateral Unison	Insurance claim	Matthew Francis	208,250
			963,250

45. Related parties

The key management remuneration is disclosed in note 29 - Employee related costs and note - 30 Remuneration of councillors.

Figures in Rand	2019	2018

46. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	17,543,070	-	-	-
Consumer deposits	442,043	-	-	-

At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	29,982,716	-	-	-
Consumer deposits	596,274	-	-	-

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The municipality's level of borrowing and consequently the debt servicing costs are closely monitored and controlled by the EXCO having regard to the prevailing and projected interest rates and the municipality's capacity to service such debt from future earnings and allocations however the long term loan's interest rate is fixed throughout the term of repayment. Balances exposed to the interest rate risk. The municipality's policy is to further manage interest rate risks so that fluctuations in interest rates do not have a material impact on the net surplus/ deficit.

	2019	2018
Investments	54,805,678	24,600,165
Cash and cash equivalents	5,801,020	11,276,165
	60,606,698	**35,876,330**

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

Financial assets exposed to credit risk at year end were as follows:

Trade and other receivables from exchange transactions	16,367,204	19,666,853
VAT receivable	4,210,863	13,825,727
	20,578,067	**33,492,580**

Figures in Rand	2019	2018

47. Events after the reporting date

There are no events that were reported at the reporting date.

48. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	589,821	813,679
Fruitless and wasteful expenditure current year	66,748	73,577
Written off by Council	(140,325)	(188,235)
To be recovered - contingent asset	-	(109,200)
Fruitless and wasteful expenditure awaiting approval for write off	**516,244**	**589,821**

The remainder of fruitless and wasteful expenditure relates to planned activity for I-beach festival. This was called off by Council at the last moment due to municipal cash flows in the 2016/17 financial year. The amount relates to the non-refundable deposit and has been taken to MPAC and Council. However, it is awaiting resolution for write off.

The remaining total of R88,744 relates to licences paid for prior year activities. This has been taken to MPAC and Council. However, it is awaiting resolution for write off.

Fruitless and wasteful expenditure for current year comprises of:		
Interest on overdue accounts	66,748	73,577
Prior year licence fees paid to activate current year licence	-	-
VAT incorrectly paid to supplier	-	-
Deposit forfeited due to cancellation of event	-	-
	66,748	**73,577**

Fruitless and wasteful expenditure written off by Council comprises of:		
Interest on overdue accounts	109,754	9,156
Prior years interest and penalties on VAT	30,571	69,908
Prior years interest and penalties on payroll taxes	-	109,171
	140,325	**188,235**

Figures in Rand	2019	2018

49. Irregular expenditure

Reconciliation of irregular expenditure		
Opening balance	11,725,861	4,242,190
Irregular Expenditure - current year	21,773,114	10,759,963
Written off by Council	(4,391,684)	(3,276,292)
Irregular expenditure awaiting approval for write off	**29,107,291**	**11,725,861**

The 2017/2018 and 2018/2019 irregular expenditure was written off by the Council after investigation by MPAC.

Details of irregular expenditure

Incident	Disciplinary steps taken/criminal proceedings		
Payments made without reasons for not having three quotations	Ongoing disciplinary	-	223,671
Use of Service Provider after conclusion of contract	Ongoing disciplinary	8,440,605	5,427,945
Procurement with employees in service of the State	Ongoing disciplinary	-	246,700
Incorrect application of SCM Regulations	Ongoing disciplinary	-	426,583
Expenditure in excess of contract value	Ongoing disciplinary	-	748,928
Expenditure in excess variation	Ongoing disciplinary	-	3,686,136
Non-compliance with PPR in terms of local content requirements-18/19	Ongoing disciplinary	5,916,012	-
Pre-qualification criteria not met-18/19	Ongoing disciplinary	1,469,794	-
BAC Composition not compliant with SCM regulations-18/19	Ongoing disciplinary	5,603,840	-
Minimum 3 quotations not obtained-18/19	Ongoing disciplinary	166,635	-
Contracts without Contract price-18/19	Ongoing disciplinary	176,228	-
		21,773,114	**10,759,963**

Details of irregular expenditure not written off

Irregular expenditure relating to prior years	7,334,177
Use of Service provider after conclusion of contract-18/19	8,440,605
Non-compliance with PPR in terms of local content requirements-18/19	5,916,012
Pre-qualification criteria not met-18/19	1,469,794
BAC Composition not compliant with SCM regulations-18/19	5,603,840
Minimum 3 quotations not obtained-18/19	166,635
Contracts without contract price-18/19	176,228

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
		29,107,291

Figures in Rand	2019	2018

49. Irregular expenditure (continued)

Unauthorised Expenditure

Finance charges	1,469,364	-
Debt impairment	26,553,400	11,283,225
Depreciation and asset impairment	-	2,223,900
Employee related costs	-	4,337,464
General expenses	-	415,615
	28,022,764	**18,260,204**

Finance charges - The actual finance charges include the interest portion relating to the valuation of retirement benefit obligation, hence the variance in comparison to the budget.

Debt impairment - There was a significant increase in the debtors book as result of non payment of rates, refuse and interest. The municipality also implemented a new valuation which came with a significant number of new customers and that also increased the number of non paying customers.

The Council has authorised the unauthorised expenditure for 2016/17 to the amount of R45,986,920 and for 2017/18 for R18,260,204.

50. Deviation from supply chain management regulations

Contract awards made in terms of Section 36(1) of the SCM policy amounted to R1,641,046. Details of the awards are summarised in the below table:

Categories of SCM Regulations	SCM Reg reference	Number of cases	% of Total cases	Value (R)	% of Rand Value
In an emergency	36(1)(a)(i)	-	-	-	-
Services are available from a single provider	36(1)(a)(ii)	4	31	156,900	10
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	9	69	1,484,146	90
		13	**100**	**1,641,046**	**100**

Figures in Rand	2019	2018

51. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	-	-
Current year subscription / fee	1,099,566	716,290
Amount paid - current year	(1,099,566)	(716,290)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

Audit fees

Opening balance	-	-
Current year subscription / fee	1,942,626	1,798,059
Amount paid - current year	(1,942,626)	(1,798,059)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

VAT

VAT receivable	4,210,863	13,825,727

PAYE and UIF

Opening balance	-	-
Current year subscription / fee	12,770,974	11,450,086
Amount paid - current year	(12,770,974)	(11,450,086)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	9,125,586	8,261,788
Amount paid - current year	(9,125,586)	(8,261,788)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

The balance represents pension and medical aid contributions deducted from employees payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during the period 01 July 2018 to 30 June 2019.

Material losses through Electricity distribution

Current year subscription / fee	1,802,226	2,231,504

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

No disciplinary actions will be taken as the losses are not due to negligence. Council has finalised the installation of smart meters that will help to the process of addressing this technical loss via a meter audit programme and monthly reconciliation.

52. Comparative figures

Certain comparatives have been restated. Corrections were done to reclassify the expenses to bring them in line with the actuarial report and GRAP 25. In the prior year the actuarial gains/losses and finance costs per actuarial report was not recognised in the related accounts i.e. a net amount of R1 451 346 was recognised in the employee costs-long service award. The adjustments of R1 719 065 in finance costs, R267 819 in actuarial gains and losses were processed to make this correction/reclassification.

The management has further looked at the classification between contracted services and general expenses. It was found that most of the contracted services were reported as general expenditure instead of contracted services. The reclassification resulted in contracted services increasing by R17 924 105 and general expenses decreasing by the same amount.

Statement of financial performance

2018

	Note	As previously reported	Re-classification	Restated
Finance costs		704,427	1,719,065	2,423,492
Actuarial gains and losses		-	(267,819)	(267,819)
Employee related costs		77,297,998	(1,451,246)	75,846,752
Contracted services		15,739,945	17,924,105	33,664,050
General expenses		42,418,608	(17,924,105)	24,494,503

The reclassifications did not result in changes to the suplus or deficit and the cash flows of the municipality.

Figures in Rand	2019	2018

53. Prior period errors

Property rates, **service charges, receivables from exchange and non exchange transactions**

The net difference in the receivables relates to the transactions outlined below of R53 100, R60 621 and R875 522. The difference further relates to the reclassification of receivables from exchange to non-exchange (R6 365 149).

When the system was calculating rebates for the month of May it debited the debtors control account with R53 100 instead of crediting it. We have raised a reversal journal to correct this and then raised it correctly, having an impact on property rates and receivables from non-exchange (with an amount of R106 200).

When the system was calculating rebates for the month of May it debited the control account with R60 621 instead of crediting it. This resulted in a final credit adjustment of R121 242. Further to that an amount of R875 522 which relates to prepaid sale of electricity was offset against the debtors control instead of being recognised as prepaid income. A journal to correct this error has been processed and this had an impact of R754 280 on service charges.

These errors resulted in property rates (R106 200), service charges (R754 280) and the receivables from exchange (R6 365 149) and non exchange transactions (R7 013 229) having a net impact of R648 080. The errors were corrected retrospectively.

Investment property

A disposal of asset took place in July 2013 and was not accounted for in the applicable financial year. It was discovered during this financial year that the property with recorded value of R280 000 is no longer in the municipality's name. This resulted in investment property being overstated and the loss on disposal of investment properties being understated by R280,000. The error was corrected retrospectively.

In addition, certain lots (Lots 1416, 1418 and 1421 Mandeni Ext. 8) to the value of R3 000 were omitted from the investment property register. These lots were discovered after a deed search. Investment property was therefore understated by R3 000. To correct this, investment property to the value of R3 000 was recognised. This was corrected retrospectively.

Government grants and subsidies

In the prior year, INEP grant income and the transfers and subsidies were not accurately accounted for. The grant was recognised as if the municipality was a principal, instead of being an agent. The municipality is considered an agent in terms of accounting for the INEP grant. The accounting treatment applied is based on a technical consultation on treatment of INEP. GRAP 9 para A25 was also considered in determining classification of municipality as agent. Treatment is also in line with GRAP 109 which becomes effective from the next financial year.

This resulted in government grants (income) and transfers and subsidies (expenditure) being overstated by R9,984,952. The error was corrected retrospectively.

Lease rentals and operating lease accrual

Accounting treatment of operating leases was brought in line with the requirements of GRAP 13, which requires straight-lining of the actual payments and recognising the difference as asset/liability. The straight-lining was applied on those contracts that contain escalation clauses and the prior year adjusted accordingly. The correction had an impact on the operating lease liability being recognised (R66 575) and a commitment disclosure for operating leases. This error resulted in operating lease expense in 2018 being understated by R14,329. In periods prior to 2017/18, the lease expenses were understated with an amount of R52 246 having an impact of reducing the accumulated surplus. The error was corrected retrospectively.

53. Prior period errors (continued)

Property, plant and equipment

In the prior year, land (ERF A1005, Sundumbili) to the value of R300 000 was omitted from the fixed asset register. This resulted in land being understated by R300 000. The municipality therefore recognised land to the value of R300 000 to correct the omission. The error was corrected retrospectively.

The correction of the errors result in adjustments as follows:

Statement of financial position	
Decrease in receivables from exchange transactions	(6,365,149)
Increase in receivables from non- exchange transactions	7,013,229
Decrease in investment property	(280,000)
Increase in operating lease accruals	(66,575)
Decrease in opening accumulated surplus	52,246
Increase in land - property, plant and equipment	300,000
Increase in investment property	3,000
Increase in opening accumulated surplus	(303,000)
Effect on accumulated surplus	**353,751**

Statement of Financial Performance	
Decrease in property rates	(106,200)
Increase in service charges	754,280
Increase in losses on disposal of assets	(280,000)
Decrease in government grants and subsidies	(9,984,952)
Decrease in transfers and subsidies expense	9,984,952
Increase in lease rentals	(14,329)
Effect on surplus or deficit	**353,751**

Notes to the Annual Financial Statements

54. Budget differences

Material differences between budget and actual amounts

The material difference between approved budget and actual result are the consequence of activities during the financial period. For details on the comparatives please refer to the annual report.

The changes between the approved and final budget are a consequence of changes in the overall budget parameters.

	Budget	Actual	Variance	% Variance	References
Property rates	60,792,352	53,930,207	(6,862,145)	(11)%	54.1
Service charges	32,937,253	33,278,866	341,613	1%	
Investment revenue	2,900,000	4,892,612	1,992,612	69%	54.2
Transfers recognised - operational	163,813,139	155,280,109	(8,533,030)	(5)%	
Transfers recognised - capital	59,971,214	39,576,950	(20,394,264)	(34)%	54.3
Other own revenue	2,649,341	5,932,095	3,282,754	124%	54.4
	323,063,299	**292,890,839**	**(30,172,460)**		
Employee related costs	(84,108,532)	(84,931,191)	(822,659)	1%	
Remuneration of councillors	(13,441,519)	(13,022,835)	418,684	(3)%	
Debt impairment	(15,067,580)	(41,620,980)	(26,553,400)	176%	54.5
Depreciation and asset impairment	(29,097,418)	(27,712,442)	1,384,976	(5)%	
Finance charges	(919,644)	(2,389,008)	(1,469,364)	160%	54.6
Materials and bulk purchases	(21,331,363)	(22,907,060)	(1,575,697)	7%	
Transfers and grants	(8,328,920)	(1,340,017)	6,988,903	(84)%	54.7
Other expenditure	(90,797,109)	(74,275,175)	16,521,934	(18)%	54.8
	59,971,214	**24,692,131**	**(35,279,083)**		

54.1 The variance was due to incorrect tarrifs for farm and agricultural properties, which was approved by the Council and aligned to the budget. The tarrifs were revised by COGTA.The tarrifs used for the budget and the tariffs used for billing were different, hence the variance.

54.2 The reason for a positive variance is due to the cash reserves of the municipality that increased in the current year. The municipality also had grant funds that were invested and not spent.

54.3 The municipality budgeted for the Department of Human Settlement grant. However, the municipality is acting as an agent and therefore should not have included the grant in the budget.

54.4 The reason for the variance is due to the actuarial gain that is included in the actual amount. The actuarial gain is not budgeted for hence the variance.

54.5 There was a significant increase in the debtors book as result of non payment of rates, refuse and interest. The municipality also implemented a new valuation which came with a significant number of new customers and that also increased the number of non paying customers.

54.6 The actual finance charges include the interest portion relating to the valuation of retirement benefit obligation, hence the variance in comparison to the budget. The interest relating to the valuation of the retirement benefit obligation is not budgeted for.

54.7 The difference is due to the fact that the INEP grant was budgeted for as if the municipality was the principal. The municipality is acting as an agent and therefore the grant expenditure was not reported under the municipality's expenditure.

54.8 The difference is due to other projects which were not implemented in the current financial year.

Notes to the Annual Financial Statements

55. Change in estimate

Intangible assets, property, plant and equipment

In the beginning of the year, the municipality revised the remaining useful lives of certain items of intangible assets and property, plant and equipment. The remaining useful lives of the intangible assets and property, plant and equipment were reassessed at the beginning of the year based on the expected lives of those assets. The useful lives of intangible assets was initially estimated to be 3 years, and the initial useful lives of property, plant and equipment was estimated to be between 10 and 11 years. For intangible assets, the remaining useful lives were revised to 5 years. For property, plant and equipment, the remaining useful lives were revised to be between 7 and 22 years. This is considered a change in accounting estimates and therefore the effects are treated prospectively.

	Old estimate	New estimate	Increase/ (decrease) in depreciation
Depreciation: Current year	1,848,691	239,759	(1,608,932)
Depreciation: Future years	2,107,375	3,716,307	1,608,932
	3,956,066	**3,956,066**	**-**

	Old estimate	New estimate	Increase/ (decrease) in depreciation
Amortisation: Current year	299,367	84,821	(214,546)
Amortisation: Future years	351,338	565,884	214,546
	650,705	**650,705**	**-**

Schedule of external loans as at 30 June 2019 - Unaudited

	Loan Number	Redeemable	Balance at 30 June 2018 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2019 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Development Bank of South Africa								
Bonds								
Other loans								
Lease liability								
Finance lease obligation			3,760,756	-	1,057,081	2,703,675	2,703,675	-
			3,760,756	**-**	**1,057,081**	**2,703,675**	**2,703,675**	**-**
Annuity loans								
Government loans								
Total external loans								
Lease liability			3,760,756	-	1,057,081	2,703,675	2,703,675	-
			3,760,756	**-**	**1,057,081**	**2,703,675**	**2,703,675**	**-**

Mandeni Municipality
Mandeni Municipality
Appendix B
June 2019

Analysis of property, plant and equipment as at 30 June 2019 - Unaudited

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	18,100,000	-	-	-	-	-	**18,100,000**	-	-	-	-	-	-	18,100,000
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	22,720,807	16,132,428	(14,385,109)	-	-	-	**24,468,126**	(1,277,355)	4,117	-	(285,730)	-	**(1,558,968)**	22,909,158
	40,820,807	**16,132,428**	**(14,385,109)**	**-**	**-**	**-**	**42,568,126**	**(1,277,355)**	**4,117**	**-**	**(285,730)**	**-**	**(1,558,968)**	**41,009,158**
Infrastructure														
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	428,358,010	77,662,971	(55,197,872)	-	-	-	**450,823,109**	(117,879,433)	5,304,712	-	(20,349,467)	(586,163)	**(133,510,351)**	317,312,758
	428,358,010	**77,662,971**	**(55,197,872)**	**-**	**-**	**-**	**450,823,109**	**(117,879,433)**	**5,304,712**	**-**	**(20,349,467)**	**(586,163)**	**(133,510,351)**	**317,312,758**
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	73,009,585	11,689,958	(4,338,351)	-	-	-	**80,361,192**	(13,911,205)	121,646	-	(2,715,279)	(23,022)	**(16,527,860)**	63,833,332
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	73,009,585	**11,689,958**	**(4,338,351)**	**-**	**-**	**-**	**80,361,192**	**(13,911,205)**	**121,646**	**-**	**(2,715,279)**	**(23,022)**	**(16,527,860)**	**63,833,332**

Mandeni Municipality

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Appendix B

June 2019

Analysis of property, plant and equipment as at 30 June 2019 - Unaudited

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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June 2019

Analysis of property, plant and equipment as at 30 June 2019 - Unaudited

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Other	34,406,568	7,026,911	(4,034,189)	-	-	**-**	**37,399,290**	(15,550,314)	2,636,492	-	(3,479,015)	-	**(16,392,837)**	21,006,453
	34,406,568	**7,026,911**	**(4,034,189)**	**-**	**-**	**-**	**37,399,290**	**(15,550,314)**	**2,636,492**	**-**	**(3,479,015)**	**-**	**(16,392,837)**	**21,006,453**

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June 2019

Analysis of property, plant and equipment as at 30 June 2019 - Unaudited

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Total property plant and equipment														
Land and buildings	40,820,807	16,132,428	(14,385,109)	-	-	-	**42,568,126**	(1,277,355)	4,117	-	(285,730)	-	**(1,558,968)**	41,009,158
Infrastructure	428,358,010	77,662,971	(55,197,872)	-	-	-	**450,823,109**	(117,879,433)	5,304,712	-	(20,349,467)	(586,163)	**(133,510,351)**	317,312,758
Community Assets	73,009,585	11,689,958	(4,338,351)	-	-	-	**80,361,192**	(13,911,205)	121,646	-	(2,715,279)	(23,022)	**(16,527,860)**	63,833,332
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	34,406,568	7,026,911	(4,034,189)	-	-	-	**37,399,290**	(15,550,314)	2,636,492	-	(3,479,015)	-	**(16,392,837)**	21,006,453
	576,594,970	**112,512,268**	**(77,955,521)**	**-**	**-**	**-**	**611,151,717**	**(148,618,307)**	**8,066,967**	**-**	**(26,829,491)**	**(609,185)**	**(167,990,016)**	**443,161,701**
Agricultural/Biological assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer software	2,190,214	86,956	(396,011)	-	-	-	**1,881,159**	(1,085,480)	313,941	-	(273,767)	-	**(1,045,306)**	835,853
	2,190,214	**86,956**	**(396,011)**	**-**	**-**	**-**	**1,881,159**	**(1,085,480)**	**313,941**	**-**	**(273,767)**	**-**	**(1,045,306)**	**835,853**
Investment properties														
Investment property	57,918,705	-	(45,000)	-	-	-	**57,873,705**	-	-	-	-	-	**-**	57,873,705
	57,918,705	**-**	**(45,000)**	**-**	**-**	**-**	**57,873,705**	**-**	**-**	**-**	**-**	**-**	**-**	**57,873,705**
Total														
Land and buildings	40,820,807	16,132,428	(14,385,109)	-	-	-	**42,568,126**	(1,277,355)	4,117	-	(285,730)	-	**(1,558,968)**	41,009,158
Infrastructure	428,358,010	77,662,971	(55,197,872)	-	-	-	**450,823,109**	(117,879,433)	5,304,712	-	(20,349,467)	(586,163)	**(133,510,351)**	317,312,758
Community Assets	73,009,585	11,689,958	(4,338,351)	-	-	-	**80,361,192**	(13,911,205)	121,646	-	(2,715,279)	(23,022)	**(16,527,860)**	63,833,332
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Specialised vehicles	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other assets	34,406,568	7,026,911	(4,034,189)	-	-	-	**37,399,290**	(15,550,314)	2,636,492	-	(3,479,015)	-	**(16,392,837)**	21,006,453

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June 2019

Analysis of property, plant and equipment as at 30 June 2019 - Unaudited

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Agricultural/Biological assets	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
Intangible assets	2,190,214	86,956	(396,011)	-	-	**-**	**1,881,159**	(1,085,480)	313,941	-	(273,767)	-	**(1,045,306)**	835,853
Investment properties	57,918,705	-	(45,000)	-	-	**-**	**57,873,705**	-	-	-	-	-	**-**	57,873,705
	636,703,889	**112,599,224**	**(78,396,532)**	**-**	**-**	**-**	**670,906,581**	**(149,703,787)**	**8,380,908**	**-**	**(27,103,258)**	**(609,185)**	**(169,035,322)**	**501,871,259**

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Analysis of property, plant and equipment as at 30 June 2018 - Unaudited

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	17,930,000	-	-	86,500	83,500	-	**18,100,000**	-	-	-	-	-	-	18,100,000
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	18,294,399	4,426,429	-	-	-	-	**22,720,828**	(1,030,178)	-	-	(247,198)	-	**(1,277,376)**	21,443,452
	36,224,399	**4,426,429**	**-**	**86,500**	**83,500**	**-**	**40,820,828**	**(1,030,178)**	**-**	**-**	**(247,198)**	**-**	**(1,277,376)**	**39,543,452**
Infrastructure														
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	416,126,518	39,894,100	(11,402,075)	(16,260,533)	-	-	**428,358,010**	(98,400,186)	1,465,972	-	(20,945,219)	-	**(117,879,433)**	310,478,577
	416,126,518	**39,894,100**	**(11,402,075)**	**(16,260,533)**	**-**	**-**	**428,358,010**	**(98,400,186)**	**1,465,972**	**-**	**(20,945,219)**	**-**	**(117,879,433)**	**310,478,577**
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	60,663,119	12,515,674	(169,208)	-	-	-	**73,009,585**	(11,196,027)	102,917	-	(2,818,095)	-	**(13,911,205)**	59,098,380
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	60,663,119	**12,515,674**	**(169,208)**	**-**	**-**	**-**	**73,009,585**	**(11,196,027)**	**102,917**	**-**	**(2,818,095)**	**-**	**(13,911,205)**	**59,098,380**

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Analysis of property, plant and equipment as at 30 June 2018 - Unaudited

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	33,292,491	1,384,704	(270,627)	-	-	-	**34,406,568**	(12,345,328)	206,577	-	(3,411,563)	-	**(15,550,314)**	18,856,254
	33,292,491	**1,384,704**	**(270,627)**	**-**	**-**	**-**	**34,406,568**	**(12,345,328)**	**206,577**	**-**	**(3,411,563)**	**-**	**(15,550,314)**	**18,856,254**

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Analysis of property, plant and equipment as at 30 June 2018 - Unaudited

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	36,224,399	4,426,429	-	86,500	83,500	-	**40,820,828**	(1,030,178)	-	-	(247,198)	-	**(1,277,376)**	39,543,452
Infrastructure	416,126,518	39,894,100	(11,402,075)	(16,260,533)	-	-	**428,358,010**	(98,400,186)	1,465,972	-	(20,945,219)	-	**(117,879,433)**	310,478,577
Community Assets	60,663,119	12,515,674	(169,208)	-	-	-	**73,009,585**	(11,196,027)	102,917	-	(2,818,095)	-	**(13,911,205)**	59,098,380
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Specialised vehicles	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other assets	33,292,491	1,384,704	(270,627)	-	-	-	**34,406,568**	(12,345,328)	206,577	-	(3,411,563)	-	**(15,550,314)**	18,856,254
	546,306,527	**58,220,907**	**(11,841,910)**	**(16,174,033)**	**83,500**	**-**	**576,594,991**	**(122,971,719)**	**1,775,466**	**-**	**(27,422,075)**	**-**	**(148,618,328)**	**427,976,663**
Agricultural/Biological assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	2,191,953	85,600	(87,339)	-	-	-	**2,190,214**	(1,085,480)	313,941	-	(273,767)	-	**(1,045,306)**	1,144,908
	2,191,953	**85,600**	**(87,339)**	**-**	**-**	**-**	**2,190,214**	**(1,085,480)**	**313,941**	**-**	**(273,767)**	**-**	**(1,045,306)**	**1,144,908**
Investment properties														
Investment property	30,693,105	-	(628,700)	(86,500)	35,262,800	-	**65,240,705**	-	-	-	-	(7,322,000)	**(7,322,000)**	57,918,705
	30,693,105	**-**	**(628,700)**	**(86,500)**	**35,262,800**	**-**	**65,240,705**	**-**	**-**	**-**	**-**	**(7,322,000)**	**(7,322,000)**	**57,918,705**
Total														
Land and buildings	36,224,399	4,426,429	-	86,500	83,500	-	**40,820,828**	(1,030,178)	-	-	(247,198)	-	**(1,277,376)**	39,543,452
Infrastructure	416,126,518	39,894,100	(11,402,075)	(16,260,533)	-	-	**428,358,010**	(98,400,186)	1,465,972	-	(20,945,219)	-	**(117,879,433)**	310,478,577
Community Assets	60,663,119	12,515,674	(169,208)	-	-	-	**73,009,585**	(11,196,027)	102,917	-	(2,818,095)	-	**(13,911,205)**	59,098,380
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Specialised vehicles	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other assets	33,292,491	1,384,704	(270,627)	-	-	-	**34,406,568**	(12,345,328)	206,577	-	(3,411,563)	-	**(15,550,314)**	18,856,254

Mandeni Municipality

Mandeni Municipality

Appendix B

June 2019

Analysis of property, plant and equipment as at 30 June 2018 - Unaudited

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Agricultural/Biological assets	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
Intangible assets	2,191,953	85,600	(87,339)	-	-	**-**	**2,190,214**	(1,085,480)	313,941	-	(273,767)	-	**(1,045,306)**	1,144,908
Investment properties	30,693,105	-	(628,700)	(86,500)	35,262,800	**-**	**65,240,705**	-	-	-	-	(7,322,000)	**(7,322,000)**	57,918,705
	579,191,585	**58,306,507**	**(12,557,949)**	**(16,260,533)**	**35,346,300**	**-**	**644,025,910**	**(124,057,199)**	**2,089,407**	**-**	**(27,695,842)**	**(7,322,000)**	**(156,985,634)**	**487,040,276**

Mandeni Municipality
Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2019

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Sep	Dec	Mar	Jun		Yes/ No	
EPWP Grant	Department of Public Works	565,000	1,014,000	676,000	-		Yes	
Library KZNPA Grant	Department of Arts and Culture	3,661,000	-	-	-		Yes	
Sport and Recreation Grant	Department of Sports and Recreation	-	50,000	-	-		Yes	
NDP Grant	National Treasury	5,335,000	-	5,332,000	-	Conditions of the grant not fully met at year end and rollover application was not approved by the transfering dept	Yes	Phase 3 of the projcet is the Primary access to the commercial precincts in Mandeni. The original contract was awarded to Magubane Plant and Contractors but due to non-performance, the contract was terminated
MIG	National Treasury	16,000,000	10,000,000	8,706,000	-	Conditions of the grant not fully met at year end and rollover application was not approved by the transfering dept	Yes	
GIS Pertinent	Department of COGTA	-	-	-	-		Yes	
INEP Grant	National Treasury	3,000,000	3,786,000	-	-	Conditions of the grant not fully met at year end and rollover application was not approved by the transfering dept	Yes	There were delays in the commencementof the projects due to late approval of the MOU as it was received in September 2018.
FMG	National Treasury	1,900,000	-	-	-		Yes	
Equitable Share	National Treasury	61,175,000	40,174,843	36,734,850	45,727		Yes	
SITA	LG SETA	-	-	67,079	-		Yes	
Housing Title Deeds	Department of Human Settlements	-	-	2,228,708	-		Yes	
		-	-	-	-			
		-	-	-	-			
		-	-	-	-			
		91,636,000	55,024,843	53,744,637	45,727			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

MANDENI MUNICIPALITY
AUDIT REPORT COMBINED ACTION PLAN 2017/2018 (FINANCIAL AND ICT)
PREPARED: CHIEF AUDIT EXECUTIVE
DATE: 29TH DECEMBER 2017

Mandeni Municipality
Appendix L
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun		Yes/ No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	No		
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share